



CITY OF SAN DIEGO

CHAIRPERSON'S REPORT

TO THE:

CITY COUNCIL STRONG MAYOR-STRONG COUNCIL TRANSITION COMMITTEE

Scott Peters, District 1, Chair
Michael Zucchet, District 2 Councilmember
Toni Atkins, District 3 Councilmember
Tony Young, District 4 Councilmember
Brian Maienschein, District 5 Councilmember
Donna Frye, District 6 Councilmember
Jim Madaffer, District 7 Councilmember
Ralph Inzunza, District 8 Councilmember

DATE: May 17, 2005

ATTENTION: City Council Transition Committee
Meeting of May 19, 2005

SUBJECT: Independent Budget Analyst and Legislative Analyst

SUMMARY

Issues

1. Determine the roles and responsibilities of the Independent Budget Analyst.
2. Determine the roles and responsibilities of the Legislative Analyst.
3. Determine if one Office of Analysis should be created to include a fiscal wing (the Independent Budget Analyst) and a policy wing (the Legislative Analyst).
4. Determine the staff size, staff qualifications and level of positions that make up the new Office of Analysis.
5. Determine the reporting structure to the City Council.

6. Request that the City Manager report back with a plan to budget the functions under the Office of Analysis

Chairperson's Recommendations

1. Create one Office of Analysis that would include a fiscal wing (the Independent Budget Analyst) and a policy wing (the Legislative Analyst).
Consultants: Concur
CAC: Concur, pending clarification from the City Attorney.
2. The roles and responsibilities of the Independent Budget Analyst should include the review and analysis of the Mayor's proposed annual budget as well as the review and fiscal analysis of proposed legislation. All reports to the City Council should include a fiscal analysis from the IBA. The IBA will write a comprehensive report to the City Council on the Mayor's proposed budget, and provide quarterly reports to the City Council on the development of the next fiscal year's budget.
Consultants: Concur
CAC: Concur
3. The roles and responsibilities of the Legislative Analyst should include generating reports on pending legislation, and conducting research and analysis of legislation introduced by the Mayor, City Council, Council Committees, or individual Councilmembers.
Consultants: Concur
CAC: Concur
4. The Office of Analysis should be staffed appropriate to its mission. Initial staffing should begin with 9 professional positions including 1 Director of Analysis, 4 fiscal analysts, 4 policy analysts, and a small support staff. The Director should have an advanced degree in policy, economics and/or law and the analysts should have a minimum of a 4-year degree.
Consultants: Concur
CAC: Concurred that the office should be adequately staffed - with a staff that is at least half size of the City Manager's staff that currently performs the annual budgetary functions.
5. The Office of Analysis' reporting structure should be prioritized as follows: 1. City Council as a whole, 2. Presiding Officer, 3. Committee Chairs, and 4. Individual Councilmembers.
Consultants: Concur
CAC: Concurred that there should be a reporting structure, with highest priority given to the City Council as a whole.

6. Direct the City Manager to develop a plan to adequately staff the Office of Analysis, include the Office of Analysis in the FY 06 budget, and develop a reporting structure to be voted on at a future Transition Committee meeting.
Consultants: No Recommendation
CAC: No Recommendation

Fiscal Impact – \$250,000 was included in the FY 2006 Proposed Budget for support for the Transition to Strong Mayor form of government - acknowledging that any new functions would begin six months into the fiscal year and adjustments would most likely occur during the Council's transition planning. The goal is to create a cost-neutral transition plan that will adequately staff the Office of Analysis by reallocating existing FTE positions budgeted in the FY06 budget.

BACKGROUND

Proposition F, approved by the voters last November, states that:

“The Council shall have the right to establish an Office of Independent Budget Analyst to be managed and controlled by the Independent Budget Analyst. The Council shall appoint this independent officer who shall serve at the pleasure of the Council and may be removed from Office by the Council at any time. The Council shall determine the powers of this Office and its manager by ordinance.” [Charter Section 270(f)]

DISCUSSION

To provide the Council with a framework for discussion, the City's consulting team has conducted both academic and anecdotal research of cities throughout the country that have structures and/or experiences that would be applicable to the City of San Diego's transition. The consultant's report describes in greater detail case studies of cities that have undergone similar transitions and implemented varied independent budget functions as part of their governmental structure. The consulting team also researched cities that have implemented varied legislative analysis functions including Los Angeles, San Francisco, Detroit, Indianapolis, Jacksonville and Oakland.

To initiate Council dialogue on these topics, outlined below are recommendations on the structure that could be considered for San Diego.

Independent Budget Analyst (IBA) and Legislative Analysis Office Recommendations

1. Create one new Office of Analysis with a fiscal wing and a policy wing

2. Fiscal wing duties and responsibilities: review and analyze annual budget presented by the Mayor; analyze and report on fiscal matters on proposed legislation; produce quarterly budget reports to the Council; and conduct any special studies if requested by the Council as a whole.
3. Policy wing duties and responsibilities: analyze and present reports on legislation initiated by the Council; provide research and analysis on legislation initiated by the executive branch and other agencies; and conduct any special studies if requested by the Council as a whole.
4. Appointment of the Director of the Office of Analysis: the City Council should establish a hiring committee for the purposes of selecting the Director. The Director would be responsible for hiring the other staff members.
5. Staff Size: the Office of Analysis could start with 9 professional positions including 1 Director of Analysis, 4 fiscal analyst, 4 policy analysts, and a small support staff. Staffing levels could be evaluated after the first year to determine the adequacy.
6. Staff Qualification: the Director should have an advanced degree in policy, law and/or economics and the analysts should have a minimum of a 4-year degree.
7. Reporting Structure: the Office of Analysis reporting structure should be prioritized as follows: 1. City Council as a whole, 2. Presiding Officer, 3. Committee Chairs, and 4. Individual Councilmembers.
8. In-house versus Contract Services: The Office of Analysis should be staffed with in-house staff members to enable a close working relationship with Councilmembers, especially during the early years of the transition.
9. Office Location: the Office of Analysis should be located near Council staff, either on the 10th or 3rd floors of the City Administration Building.
10. Budgeting for the Office of Analysis: Once the Council determines the structure of the office, the Council should direct the City Manager to conduct further analysis of how positions could be reallocated to try to achieve a cost-neutral, or as close to a cost-neutral solution as possible.

CONCLUSION

The Strong Mayor-Strong Council form of government will transform San Diego City government into a system where executive powers are vested in the Mayor and legislative powers are vested in the City Council. The role of the City Manager, and City departments as “independent bodies” will change as the City Manager and these department are directed by and answer to the Office of the Mayor. It is reasonable to assume the “point of view” of these departments will favor the vision and priorities of the chief executive. Therefore it is important

that the City Council have an adequate number of professional staff, independent of the Office of the Mayor, to analyze and review the annual budget and other policy proposals by the Mayor's office. The Council must also have adequate staffing to allow for the creation of legislative proposals the City Council deems necessary and in the best interest of the citizens of San Diego. The Office of Analysis contemplated in this report, coupled with the individual Councilmember's staff will provide the Council the necessary resources.

Respectfully submitted,



Councilmember Scott Peters
Chair, Council Transition Committee

Attachments: Consultant Report on the Independent Budget Analyst
 Consultant Report on the Office of Legislative Analysis
 Citizens Advisory Committee Report to the City Council

* Due to the number of pages, the attachments had a limited distribution. A complete copy of the attachments can be viewed at the City Clerk's office or online at <http://www.sandiego.gov/mayortransition/index.shtml>.



DEWEY SQUARE GROUP

**INDEPENDENT BUDGET ANALYST REPORT
EXECUTIVE SUMMARY
SAN DIEGO CITY COUNCIL
COUNCIL-MAYOR GOVERNMENT TRANSITION PROCESS
APRIL 5, 2005**

CHARTER SECTION 270 (F)

"The Council shall have the right to establish an Office of Independent Budget Analyst to be managed and controlled by the Independent Budget Analyst. The Council shall appoint this independent officer who shall serve at the pleasure of the Council and may be removed from Office by the Council at any time. The Council shall determine the powers of this Office and its manager by ordinance."

RECOMMENDATIONS

DSG has outlined the main decisions the Council must make to establish a well thought out IBA office. The decisions have been laid out in consequential order.

1. IBA responsibilities (scope of work)

The primary functions of many IBA offices are to; review and comment on the annual budget, analyze and report on all fiscal matters in legislation and perform audits.

DSG recommends that San Diego's IBA office review and comment on the annual budget and analyze and report on all fiscal matters in legislation, but not be tasked with performing audits, at least in its inaugural year. The additional costs associated with auditing duties are prohibitive. From the cities that were analyzed, an office capable of performing audits would need a minimum of 15 analysts and a \$1.2 million budget. Further, the city of San Diego has an auditing department housed within the executive branch. Of the six cities that we analyzed, three IBA offices performed auditing services. Two of these cities (Jacksonville and Kansas City) did not have executive branch auditors because this would duplicate work. If San Diego opts to have the IBA perform audits, DSG would recommend further restructuring of the city government.

2. Staff size

The IBA's staff size is relative to the scope of work tasked by the Council. In addition to the primary responsibilities, outlined above, consideration should be paid to the learning curve that will take place as the office establishes itself in 2006.

DSG recommends the Council create one Office of Analysis with fiscal and policy wings. Of the cities we analyzed, Los Angeles' Chief Legislative Analyst's office comes closest to this structure. However, we draw on the experiences of other cities to recommend modifications. The Senior Analyst to this office would have a policy background with an economic focus, and would be responsible for incorporating both the fiscal and policy analyses for report to the Council. In the fiscal wing, DSG recommends a Deputy Fiscal Analyst (with a strong economics/budgeting background) and three junior analysts. While it is important to conduct a search for the senior level positions, outside of current City staff, DSG recommends considering shifting some current staff to Office of Analysis. In the policy wing, DSG recommends a Deputy Policy Analyst (with a strong policy background, possibly an attorney) and three junior analysts. There should also be a small support staff.

DSG recommends the Council consider Detroit's staff structure to determine staff size. Detroit has three staff analysts but has hired a fourth analyst through contracting because they needed additional manpower. San Diego is larger and presumably has more work for the Council and analysts. A rough estimate of this is provided by the number of ordinances passed in a given year. Detroit passes about 40 ordinances a year; San Diego passed 133 last year. This staffing recommendation is based on our previous recommendation that the IBA review the annual budget and legislation, but not perform audits.

3. Staff qualifications

IBA staff usually has at least four-year college degrees, and often advanced degrees. Senior IBA Analysts are CPAs and/or have advanced degrees in accounting, business administration, finance or economics.

DSG recommends that all analysts have a minimum of a four-year college degree, with a CPA (or equivalent) as the Deputy Fiscal Analyst. The Senior Analyst should have the power to staff his/her office, e.g. make hiring recommendations or decisions.

4. Reporting structure to Council

There is a general conscientiousness that develops over time between requests made of the IBA and the turn-around time on reports. "Requestors" of the IBA may include:

- Presiding Officer
- Whole Council- by majority vote
- Committee Chairs
- Committee
- Individual members

DSG recommends that requests to the IBA be made by, and in this order of priority:

- Whole Council-by majority vote
- Council President
- Committee Chairs
- Individual members

DSG also recommends that the Council consider only allowing the Council as a whole or the Council President to request extensive reports, and consider if members may request evaluation of legislation that has not yet been introduced. We believe that they should if the structure that we have recommended is adopted by the Council. Disputes should be resolved by the Council President.

5. In-house versus contract

In-house and contracted IBA offices perform similar tasks on behalf of City Councils. No one option is less or more expensive than the other.

DSG recommends establishing the IBA office in-house because of the high importance of working closely with Council members and anticipating Council member needs, especially during the early years of the transition. A decision to change to a contract could always be made later.

6. Office location

The physical location of the IBA office will determine its interaction and relationship with the City Council. The desire of the IBA and City Council to be in close proximity must be balanced with the ability of the IBA to be truly independent.

DSG recommends that the IBA office be in the same building as the City Council.

7. Schedule

There is a short period of time to complete the necessary steps in establishing an IBA office.

DSG recommends that the City Council review and discuss the information outlined in this report and the legislative analyst report. Upon review of these reports, DSG recommends the City Council institute a schedule to create the IBA office prior to January 1, 2006. The schedule should include the following:

- Revise standing rules of order and enact city ordinances defining the goals, responsibilities, and organization of the IBA office;
- Consider creating a "hiring committee";
- Write and distribute job description;
- Conduct candidate interviews for the senior position;
- Conduct candidate interviews for junior positions; and
- Identify and open office space

PURPOSE AND SCOPE OF WORK

The purpose of the Independent Budget Analyst (IBA) report is to bring forward thoughtful recommendations to the City Council regarding the creation of the Office of Independent Budget Analyst (IBA).

METHODOLOGY

The Dewey Square Group (DSG) researched the government structures of the ten largest cities in the United States, identified U.S. cities with independent budget analysts and used the following additional city criteria to determine selected cities for evaluation:

- Population and economic diversity comparable to San Diego;
- Budget analyst options that ranged in structure and price; and
- Institutional settings that reflected San Diego's new charter

RESULTS

There are general strengths and weaknesses of the IBA structures reviewed in this report. They include:

General strengths of IBA structures include:

- Provision of independent analysis;
- Improve efficiency and effectiveness of municipal policy;
- Offer city-wide analysis and goals for a district elected Council;

- Serve as an institutional memory for fiscal and policy expertise;
- All state legislatures as well as Congress have Independent Budget Analysts; and
- Counterweight to Executive budget offices

General weaknesses of IBA structures include:

- Extensive additional staffing costs;
- Other large cities operate with an even stronger mayor system without an IBA; and
- San Diego's Council members must be responsive to their districts. An effective IBA will focus on the city as a whole

In addition, there are specific strengths and weaknesses of each city's IBA structure reviewed in this report. They include:

Detroit

The Detroit City Council's version of an IBA is called the Fiscal Analysis Division (FAD). The FAD provides independent fiscal evaluation solely and at the discretion of the Council. The City Council appoints a head Fiscal Analyst who then reports to the entire Council, including individual members. The FAD provides ongoing budget analysis and reports on all fiscal matters in legislation referred to Council.

The strengths of this IBA structure include:

- With four full-time employees and one full-time consultant, Detroit's IBA has a small and streamlined staff. This results in a staff having intimate knowledge of the budget and fiscal legislation as well as a close working relationship with individual council members and their staffs; and
- All of Detroit's IBA staff is very experienced in city budget matters and the local politics that affect their scope of work

The weaknesses of this IBA structure include:

- The fact that the Fiscal Analysis Division reports to and can be given assignments by all individual Council members means that the staff often has a heavy, scattered and politically-motivated workload; and
- The need for the Chief Fiscal Analyst and/or staff to attend all daily Council meetings takes up a great deal of the staff's time, time that is taken away from actually doing budget analysis and review

Indianapolis

Indianapolis contracts out the responsibilities of the IBA to a local financial consultant. The contract is not to exceed \$80,000 annually. The position is hired by the partisan majority of the Council; it is supervised by the President of the Council and can take direction from Council committee chairs in addition to the Council President. The IBA provides ongoing budget analysis, but not day-to-day and analyzes and reports on all fiscal matters by request.

The strengths of this IBA structure include:

- The Council is not responsible for staffing requirements; and

- This structure represents the smallest annual fiscal impact of all the jurisdictions we reviewed

The weaknesses of this IBA structure include:

- Not all legislation is uniformly reviewed for fiscal impact, only the ones Councilors make specific requests for and budget considerations (hourly billing) can stand in the way of those requests; and
- Since it is hired by the partisan majority, the office is left open to charges of partisan influence

Jacksonville

Jacksonville's version of an IBA is called the Council Auditor's Office. The Council Auditor is appointed by a majority vote of the City Council. All of the employees in the auditor's office are appointees who serve at the discretion of the Council. There are no fixed terms. Removal of appointed positions is done by a majority vote of the City Council. The responsibilities of the Council Auditor are to provide ongoing budget analysis, report on all fiscal matters in legislation referred to Council and perform audits.

The strengths of this IBA structure include:

- The performance of internal audits of the fiscal operations of the consolidated city-county government and all independent agencies; this requires cooperation from the executive and a culture of deference to the legislative branch; and
- Its physical proximity to the Council. One councilor told us of the IBA and the legislative analysts: "Location is important. Make the staff feel part of the legislative branch, not the step children stashed in a basement of another building. Make them feel part of the process." Jacksonville's IBA is located in the same complex as the Council

The weakness of this IBA structure includes:

- A high price-tag. Because of the audit functions, the IBA staff must have significantly more employees than jurisdictions. In general, the existence of a thorough auditing function is the factor that drives up the cost of an IBA

Kansas City

Kansas City's version of an IBA is the City Auditor's Office. The City Auditor is appointed by the City Council and has no fixed term of office. Statutorily, the City Auditor's Office is supervised by the Budget and Audit Committee, distributing memoranda to the Mayor, City Council, management staff and the city attorney. The responsibilities of the City Auditor include providing ongoing budget analysis, management audits and, by request, reporting on all fiscal matters referred to Council.

The strengths of this IBA structure include:

- The performance of internal audits of the fiscal operations of the consolidated city county government and all independent agencies; and
- A very strong personality as the IBA; his track record, long tenure and strong personality give him credibility to be critical the Council and thus, secure the office's reputation of independence

The weaknesses of this IBA structure include:

- The CAO is technically independent of the City Manager, but department directors can request assistance from the City Auditor's Office. In San Diego's structure, this office should solely be an agent of the City Council; and
- Because of the audit functions, the IBA staff must maintain higher staffing and a higher payroll than other jurisdictions

Los Angeles

Los Angeles' IBA responsibilities are handled by the Chief Legislative Analyst (CLA). This office provides independent policy and budget evaluation solely and at the discretion of the Council. The CLA, who is appointed by and serves at the pleasure of the Council, reports to the entire Council as well as individual members and committees. The CLA provides ongoing budget analysis and reports on all legislation referred to the Council.

The strengths of this IBA structure include:

- The CLA, with about twenty-five analysts, is adequately staffed to perform detailed and comprehensive budget and legislative analysis for the Council;
- The CLA's broad range of responsibilities, including preparing briefing notes and analyses on issues before Council committee hearings; staffing the Council desk when the Council meets; assisting the clerk and City Attorney to ensure that meetings are running smoothly; and having a CLA staff analyst assigned to each Council committee ensures that the interests of the Council as a whole are being considered; and
- The CLA is well-respected with a diverse staff of analysts and professionals, the majority of which have advanced degrees

The weaknesses of this IBA structure include:

- Even though the CLA is considered an arm of the Council, individual Council members still dedicate at least one of their individual staff members to do budget analysis. The Council is in essence paying for similar work to be done by two offices; and
- With about forty staff members (twenty-five analysts and fifteen other administrative staff), the CLA's office takes up a relatively significant portion of the Council's budget

San Francisco

San Francisco contracts out the IBA responsibilities to Harvey Rose Accounting Firm (in a joint venture partnership with a number of firms pursuant to the Minority/Women/Local Business Enterprise Ordinance). This contract relationship evolved after Harvey Rose left a staff position with the city (performing the budget analyst duties) and opened his own CPA firm in 1975 to service San Francisco. The IBA reviews the City's annual budget, analyzes and reports on all fiscal matters in legislation referred to the Board and management audit services.

The strengths of this IBA structure include:

- The Board of Supervisors is not responsible for staffing requirements; and
- Long-standing relationship between Harvey Rose and Board that provides for intimate knowledge of Board needs and processes

The weaknesses of this IBA structure include:

- Harvey Rose & Associates has other clients in addition to the City of San Francisco, including other cities;
- There is no formal or annual RFP process to deliver the business to Harvey Rose & Associates; and
- It is the most expensive operation reviewed

CONCLUSION

There is no one portfolio city structure that will suit all of San Diego's needs in establishing the IBA office. In deciding the best structure for San Diego, DSG suggests that special attention be paid to the following:

- Budget implications;
- Comprehensive timeline to hire and prepare analyst/office; and
- A step by step approach to decisions

SUPPORTIVE INFORMATION

The following report provides supportive information to what has been highlighted above.



DEWEY SQUARE GROUP

**INDEPENDENT BUDGET ANALYST REPORT
SAN DIEGO CITY COUNCIL
COUNCIL-MAYOR GOVERNMENT TRANSITION PROCESS
APRIL 5, 2005**

INTRODUCTION

Thank you for the opportunity to submit the Dewey Square Group's (DSG) report on the Independent Budget Analyst (IBA). Our report addresses the expected needs of the City of San Diego as you continue your transition to Council-Mayor form of governance. Over the last month, our team has conducted both academic and anecdotal research, assessing cities throughout the country that our methodology suggests have budget structures and experiences that would be applicable to San Diego in this transition.

The following report describes in greater detail the methodology we conducted; case studies or "portfolios" of cities that have undergone similar transitions and implemented varied independent budget analysts; and considerations for San Diego based upon a comparative analysis of this research.

Our report is organized into five primary sections:

- I. Considerations
 - A. Independent Budget Analyst Office
 - 1. Scope of work;
 - 2. Staff size;
 - 3. In-house versus contract;
 - 4. Expected operating budget; and
 - 5. Communications
- II. Methodology
 - A. General; and
 - B. City specific
 - 1. Detroit;
 - 2. Indianapolis;
 - 3. Jacksonville;
 - 4. Kansas City;
 - 5. Los Angeles; and
 - 6. San Francisco
- III. Comparative Analysis
 - A. Organizational structure;
 - B. Scope of work; and
 - C. Budget
- IV. Portfolios
 - A. Detroit;
 - B. Jacksonville;
 - C. Indianapolis;
 - D. Kansas City;
 - E. Los Angeles; and
 - F. San Francisco
- V. Conclusion

I. CONSIDERATIONS

A. INDEPENDENT BUDGET ANALYST OFFICE

There were many factors we considered when researching and preparing this report. Below are some specific points to consider when choosing the right IBA office for the Council and City of San Diego:

1. SCOPE OF WORK

- Forecasts have the most potential impact on budget analysis;
- There is a tradeoff in how independent the IBA is: the more independence the analysts have, the more likely they are to come up with accurate fiscal analysis, but this may also make the analysts less likely to take the needs and concerns of the Council into consideration when making recommendations;
- The more people who have control over the IBA the more potentially diverse needs may be met, but this may unduly burden and confuse the IBA in terms of work priorities;
- Selective or automatic legislation review for fiscal impact; and
- Audits require increased staff size and monetary requirements

2. STAFF SIZE

- There is direct correlation between staff size, and output from the IBA (including the number of ordinances analyzed, number of special reports completed and the depth and range of analysis);
- Staff must be adept at forecasting;
- Staff experience; and
- Joint or separate offices for budget and legislative analysts

3. IN-HOUSE VERSUS CONTRACT

- The two contracted budget analyst offices we reviewed were the least and most expensive operating budgets of our selection of cities;
- Time and investment to hire contractor(s), particularly on annual basis;
- Official RFP process for contracting out;
- Length of contract with one firm; and
- In-house staff is usually more familiar with Council processes and needs

4. EXPECTED OPERATING BUDGET

- Staff salaries and benefits are primary cost in IBA budget;
- Forecast initial capital investment (new office space, products, etc.);
- Direct corollary between scope of work and operating budget; and

- Cities vary widely in the amount of funds that they allocate to the operation of the IBA office. The differences reflect variations in staff size and responsibilities

Measuring Outcomes	Detroit	Indianapolis	Jacksonville	Kansas City	Los Angeles	San Francisco
2004-05 Budget	\$.7 million	\$.08 million	\$1.7 million	\$1.2 million	LA does not itemize the City Council budget, the Council's budget is \$21-22 million	\$2 million

5. COMMUNICATIONS

We strongly feel it is imperative that the Council immediately begin conducting a professional public outreach and communications strategy. Something that became clear in our research of the Independent Budget Analyst position was how strengthened the Council's position became when the public's confidence was high in the independence, integrity and transparency of the IBA office. In San Diego, the public's first impression of the transition process is forming right now. It is the right time to be engaging them and winning support—not just for the IBA component—but for the transition process itself.

We recommend conducting outreach efforts to the community at large and to the community's key stakeholders—both projecting what we are doing in terms of researching potential ways to structure the IBA office and getting their input. Winning the support of respected community leaders and organizations and building a coalition of support will help make this process the success that it can be. We should also be in regular communications with them via email or website to make sure they understand the progress that is being made. We suggest each Council member send an email to their mailing list alerting people to the meeting date/time when the Council plans to vote on the IBA and encouraging constituents to listen to the meeting, via cable, internet or in person.

Additionally, as a way of maintaining public support, we recommend an aggressive media communications strategy. We can help draft core messages and ways to talk about the transition to a Council-Mayor form of government that will enhance the ability to win public support. One simple change in the way this is talked about it is to start calling this a transition to a "Council-Mayor" form of government. In the standard parlance of municipal governments, there is no such thing as a "Strong Mayor". A San Diego Council that wants to establish future leverage vis-à-vis the executive should begin by using language that places itself where it belongs: prior to the executive.

We would like to work with individual Council members and other key coalition members to speak out in targeted ways to the local media. Specifically, several

Councilors could sign their name to an Op-Ed stressing the importance of public input during the transition process, with a specific appeal to become involved in the hearing to debate the IBA because it will become such a critical component of the city's newly structured government. We should offer television stations and news radio shows additional Councilors for interviews, again, to stress the importance of public participation in this process. We should also reach out to the *Reader* and Voice of San Diego.

We recognize the talents that exist in the staffs of city Council members, and the contributions of the dedicated individuals serving on the Ad-Hoc Citizens Committee and look forward to working together on this communications strategy.

II. METHODOLOGY

A. GENERAL

Most large U.S. cities have budgeting offices that prepare the annual city budget. The number of cities that have independent analysts who report solely to the city Council is much smaller. In order to determine the range of options available to San Diego, we collected data on cities that have comparable demographic and institutional structures. We went about this process in two ways. First, we identified cities that have independent budget analysts by analyzing academic sources and interviewing seasoned practitioners. Next, we researched the government structure of the ten largest cities in the United States. From these combined lists we selected six cities to analyze in depth: Detroit, Indianapolis, Jacksonville, Kansas City, Los Angeles and San Francisco.

We used the following city criteria to narrow this search:

1. Population and economic diversity comparable to San Diego;
2. Budget analyst options that ranged in structure and price; and,
3. Institutional settings that reflected San Diego's new charter

A number of cities were eliminated from in-depth analysis due to these criteria. For instance, we eliminated New York as a case study because its budget analyst serves city residents rather than the City Council.¹

The three tables below detail the specific data we analyzed in determining example cities to review.

Demographic Comparison

Year: 2000

Source: United States Bureau of the Census

¹ We can provide more information on New York and other cities we did not pursue, upon request

	Population	% White	% Latino	% African American	% Asian	Median Age	Median Household Income
San Diego	1,223,400	60.2	25.4	7.9	13.6	32.5	\$45,733
Detroit	951,270	12.3	5.0	81.6	1.0	30.9	\$29,526
Indianapolis	781,870	69.1	3.9	25.5	1.4	33.5	\$40,051
Jacksonville	735,617	64.5	4.2	29.0	2.8	33.8	\$40,316
Kansas City	441,545	60.7	6.9	31.2	1.9	34.0	\$37,198
Los Angeles	3,694,820	46.9	46.5	11.2	10.0	31.6	\$36,687
New York	8,008,278	44.7	27.0	26.6	9.8	34.2	\$38,293
Oakland	399,484	31.3	21.9	35.7	15.2	33.3	\$40,055
Pittsburgh	334,563	67.6	1.3	27.1	2.7	35.5	\$28,588
San Francisco	776,733	49.7	14.1	7.8	30.8	36.5	\$55,221
Seattle	563,374	70.1	5.3	8.4	13.1	35.4	\$45,736

Note: Six of the ten largest US cities do not appear on this list because they do not have an independent budget analyst office nor had Council-Manager charters. These cities include Houston, Philadelphia, Phoenix, San Antonio, Dallas, and San Jose.

CITY FINANCE COMPARISON

Year: 1996-1997

Source: 2002 County City Data Book

	Total General Revenue (thousands)	Per Capita General Revenue	Total Taxes	Per Capita Taxes	Total General Expenditure (thousands)	Per Capita Total Expenditure
San Diego	\$1,420,848	\$1,870	\$442,684	\$370	\$1,529,193	\$1,278
Detroit	\$1,971,322	\$2,021	\$635,718	\$652	\$1,788,987	\$1,834
Indianapolis	\$1,187,803	\$1,597	\$520,689	\$700	\$1,222,878	\$1,644
Jacksonville	\$898,617	\$1,306	\$379,304	\$551	\$1,018,943	\$1,481
Kansas City	\$723,705	\$1,661	\$412,824	\$947	\$783,866	\$1,799
Los Angeles	\$4,706,326	\$1,320	\$1,988,838	\$558	\$4,935,452	\$1,385
New York	\$43,756,189	\$5,927	\$19,368,172	\$2,623	\$41,433,578	\$5,612
Oakland	\$700,872	\$1,914	\$240,389	\$656	\$786,921	\$2,149
Pittsburgh	\$483,814	\$1,402	\$247,412	\$717	\$493,928	\$1,431
San Francisco	\$3,480,314	\$4,697	\$1,079,961	\$1,457	\$3,594,316	\$4,851
Seattle	\$940,112	\$1,762	\$474,018	\$888	\$1,117,867	\$2,095

CITY INDICATORS COMPARISON

Year:

1996-1997

Source: 2002 County City Data Book

	% of Total Expenditure Allocated to Various Categories					
	Police Protection	Solid Waste Management	Highways	Crime Rate 1999*	% Violent Crime	Unemployment Rate 2000
San Diego	13.0	31.3	6.5	4004	15%	3.0
Detroit	16.8	18.8	8.6	10416	22%	6.6

Indianapolis	8.3	7.6	5.2	5322	19%	3.0
Jacksonville	9.8	13	3.9	7152	14%	3.3
Kansas City	13.4	8.1	5.6	11631	15%	4.0
Los Angeles	18.1	11.3	3.1	4589	28%	6.1
New York	6.9	5.3	2.9	4032	26%	5.7
Oakland	12.6	2.3	4.5	8370	19%	4.7
Pittsburgh	12.9	4.9	6.8	6124	14%	4.1
San Francisco	7.8	4.2	1.2	5725	15%	2.8
Seattle	12.6	17.2	9.4	9165	8%	4.2

*Per 100,000 resident population provided by the U.S. Federal Bureau of Investigation.

B. CITY SPECIFIC

Below are the cities we chose to focus on based on our general methodology. For an immediate frame of reference, we have also highlighted San Diego.

SAN DIEGO

With the recent charter change, San Diego will have a Council-Mayor structure, with 8 City Council members elected by district. Whites comprise the largest proportion (60%) of the city's 1.2 million residents. The city is 25% Hispanic, 8% African American and about 13% Asian/Pacific Islander. The city's revenues in 1996-97 totaled nearly \$1.4 billion, reflecting a per capita tax rate of about \$370. Additional statistics are displayed in the charts above.

1. DETROIT

Detroit has a Council-Mayor structure, with 9 City Council members elected at-large. The City Council has a Fiscal Analysis Division that provides independent fiscal evaluation solely to the City Council.

About 82% of Detroit's 950,000 residents are African American, with the remainder being nearly all white. The city's revenues in 1996-97 totaled nearly \$2 billion, reflecting a per capita tax rate of about \$650. Additional statistics are displayed in the charts above.

We selected Detroit because of its similar size and budget to San Diego as well as its established and relatively simple fiscal analysis division.

2. INDIANAPOLIS

Indianapolis' city government is consolidated with Marion County, the county in which it lies. The city-county has a Council-Mayor structure, with 29 City Council members. They have a mixed electoral system with 25 members elected by district and 4 elected at-large. The Council has the authority to hire a Budget Analyst to provide independent fiscal evaluation to the City Council.

About 70% of Indianapolis' 780,000 residents are white, with the remainder being nearly all African American. The city's revenues in 1996-97 totaled nearly \$1.1 billion, reflecting a per capita tax rate of about \$700. Additional statistics are displayed in the charts above.

Indianapolis has the smallest independent budget analyst operation of all of our cities. We include it to show the range of options available to San Diego.

3. JACKSONVILLE

Jacksonville's city government is consolidated with Duval County. The city-county has a Council-Mayor structure, with 19 Council members. They have a mixed electoral system with 14 members elected by district and 5 elected at-large. The Council has its own Council Auditor's Office that provides independent auditing services and fiscal evaluation to the City Council.

Whites comprise the largest proportion (65%) of Jacksonville's 740,000 residents, with the remainder nearly all African American. The city's revenues in 1996-97 totaled nearly \$900 million, reflecting a per capita tax rate of about \$551. Additional statistics are displayed in the charts above.

We include Jacksonville in our analysis as an example of an extremely professionalized independent auditor with well defined responsibilities and goals.

4. KANSAS CITY

Kansas City has a Council-Manager structure, with 13 City Council members, including the Mayor. They have a mixed electoral system with 6 members elected by district and 6 elected at-large. The Mayor is also elected at-large. The Council directs the City Auditor's Office, which is independent of both the manager and his staff.

About 61% of Kansas City's 440,000 residents are white, with the remainder being nearly all African American. The city's revenues in 1996-97 totaled about \$720 million, reflecting a per capita tax rate of about \$947. Additional statistics are displayed in the charts above.

Kansas City is included in our report because of the wide acclaim its independent auditor's office has among academics and financial practitioners. While it is defined as an auditing organization, this office also employs a substantial number of policy analysts. It is the only Council-Manager system that we chose to analyze.

5. LOS ANGELES

Los Angeles has a Council-Mayor structure, with 15 City Council members elected by district. The Council has a Chief Legislative Analyst (CLA) that provides independent policy and budget evaluation solely and at the discretion of the Council.

Of Los Angeles' 3.7 million residents, 47% are white, 47% are Hispanic/Latino, 11% are African American and 10% are Asian/Pacific Islander. It is the most diverse city that we chose to analyze. The city's revenues in 1996-97 totaled about \$4 billion, reflecting a per capita tax rate of about \$558. Additional statistics are displayed in the charts above.

We include Los Angeles as an example of a city that's fiscal analysis is completed by an office that is equally (if not more) skilled at policy analysis.

6. SAN FRANCISCO

San Francisco's city government is consolidated with San Francisco County. The city-county has a Council-Mayor structure, with 11 Board of Supervisor members, elected by district. The Board has the authority to hire a Budget Analyst to provide independent fiscal evaluation to the City Council.

Whites comprise the largest proportion (50%) of San Francisco's 770,000 residents. The city is 14% Hispanic/Latino, 8% African American and about 31% Asian/Pacific Islander. The city's revenues in 1996-97 totaled nearly \$3.5 billion, reflecting a per capita tax rate of about \$1,457. Additional statistics are displayed in the charts above.

We include San Francisco as an example of a city that contracts out its independent budget analyst.

III. COMPARATIVE ANALYSIS

Our goal in this section is to provide you with a comprehensive, yet concise, comparison of each of the cities we reviewed. Our findings are reported below.

A. ORGANIZATIONAL STRUCTURE

The organizational structure of IBA offices varies from city to city. The one consistency is that each city uses the budget analyst throughout the year, not just for the annual budget. You will note that IBA staff sizes vary significantly, due mostly to the range of services the office provides. Additionally, Los Angeles is the only city where the budget analysis is handled by the legislative analyst's office.

Function	Detroit	Indianapolis	Jacksonville	Kansas City	Los Angeles (CLA)	San Francisco
IBA Reports To:	Whole Council	Council President	Council, Council President, Committees, Council members (in that order); Council President resolves disputes	Budget and Audit Committee	Council, Council President, Committees, Council members	City Clerk, full Board and/or committee depending on context.
IBA take direction from? (This matters only to the extent that the duties of the office are loosely defined)	Whole Council	Council President and/or Committee Chairs	Council, Council President, Committees, Council members (in that order); Council President resolves disputes	Budget and Audit Committee	Council President	Whole Council, committees, all legislation referred to IBA to determine fiscal impact
IBA as resource throughout year?	Yes	Yes	Yes	Yes	Yes	Yes
Staffing	3 Analysts	1 Contract budget analyst	17 Auditors	15 Auditors	26 Analysts	Contracted out to Harvey M. Rose, CPA (joint venture with 4 other accountancy firms)
Staff Background	General finance accounting, economics degrees)	Ex-Controllers, Deputy Controllers	Director must be CPA or public accountant; Staff have accounting/auditing backgrounds	Advanced degrees in accounting, business administration, finance, law, psychology, public administration, social science	Four-year college degree minimum; majors range from business to political science and city planning; many staff members have advanced degrees	Accounting, economics, policy, political science
Skill-sets	Legislative fiscal impact, forecasting, revenue analysis, budgeting	Legislative fiscal impact, forecasting, revenue analysis, budgeting	Auditing, legislative fiscal impact, forecasting, revenue analysis, budgeting	Auditing, legislative fiscal impact, forecasting, revenue analysis, budgeting	Policy analysis, legislation summarization and tracking, motion drafting, budgeting, forecasting, revenue analysis, legislative fiscal impact	Legislation fiscal impact, forecasting, revenue analysis, auditing
Interaction among Council, Mayor and IBA	Works entirely on behalf of Council	Works entirely on behalf of Council	Works entirely on behalf of Council	Works entirely on behalf of Council	Works entirely on behalf of Council	Works entirely on behalf of the Board of Supervisors

B. SCOPE OF WORK

Similar to the organizational structure, the scope of work for each budget analyst office varies by city. However, the most important function all of the budget analysts perform each year is reviewing the City's annual budget. The budget analysts for the cities identified below also analyze and report on legislation that may have fiscal impact.

Function	Detroit	Indianapolis	Jacksonville	Kansas City	Los Angeles	San Francisco
Review City's annual budget	Yes	Yes	Yes	Yes	Yes	Yes
Provide on-going budget analysis and management audit services, day to day on a year-round basis?	Yes (but no auditing services)	Not day to day	Yes (auditing first priority)	Yes	Yes	Yes
Analyze and report on all fiscal matters in legislation referred to Council?	Yes in practice but no formal requirement	By request	Yes	By request	Yes	Yes
Conduct Management audits?	No	No	Yes	Yes	No	Yes
Perform special fiscal analysis?	Yes	Yes	Yes	Yes	Yes	Yes
Attend each Council meeting?	Yes	No	Not required	Not required	Yes	Yes
Track revenues, expenditures, transfers and budget status on regular basis	Yes	By request	Yes	By request	Yes	Yes
Conduct public meetings or workshops to summarize issues for the public.	Only when requested by Councilmember	No	No	No	No	Participate in Board sponsored meetings or workshops

C. BUDGET

The operating budget numbers were gathered from each cities most recent adopted budget.

Function	Detroit	Indianapolis	Jacksonville	Kansas City	Los Angeles	San Francisco
Range of Costs	FY 2004-05 Operations cost: \$729,191. 4.3% of City Council's total expenditures; .02% of total city expenditures	\$100/hour up to \$80,000/year. 4.5% of City County Council total expenditures; .01% of total city expenditures	FY 2004-05 Operations cost: \$1,728,354. 12% of City Council expenditures; .12% of total city expenditures	FY 2004-05 Operation Cost: \$1,218,384. 28% of City Council expenditures; .12% of total city expenditures	LA does not itemize the City Council budget, the Council's budget is \$21-22 million	FY 2004-05 Operations Cost: \$2,000,000. 23% of Board expenditures; .05% of total city expenditures

IV. PORTFOLIOS

In our proposal to the City of San Diego, we spoke of providing you with portfolios on cities we determined to have comparable and/or noteworthy structures that could be useful in determining San Diego's new structure.

The portfolios detailed below are specific to the IBA. This budget-focused information will be folded into larger, more comprehensive portfolios that will include information from our other future projects, specifically an analysis of Council legislative aides and committee structures.

A. DETROIT

Detroit has a Council-Mayor structure, with nine City Council members elected at-large by the city's 950,000 residents. The member of the City Council receiving the highest number of votes at the regular city general election becomes the president of the City Council for the ensuing four year term. Detroit's current city charter went into effect on July 1, 1974.

The Detroit City Council has five standing committees:

- 1) Budget and Finance;
- 2) Neighborhood and Community Services;
- 3) Human Resources;
- 4) Law and Public Safety; and,
- 5) Planning and Economic Development

The president of the Council appoints the chairpersons of each standing committee, with the approval of a majority of the City Council. The president is an ex-officio member of all committees, but is only a voting member as provided for any other Council person.

The Detroit City Council's version of an IBA is called the Fiscal Analysis Division. Specifically, the Fiscal Analysis Division provides independent fiscal evaluation solely and at the discretion of the Council. The City Council appoints a head Fiscal Analyst to lead this unit. The Fiscal Analyst, who is appointed by the City Council, reports to the entire Council, including individual members, with a Fiscal Analyst saying that he "basically has nine bosses".²

The current Fiscal Analysis Division has one chief analyst, Irvin Corley, Jr., three full-time staff and one full-time consultant assigned specifically to the office. It is likely that the consultant will become a permanent member of the Fiscal Analysis Division at the end of the 2005 cycle. There are no specific qualifications for the head Fiscal Analyst or his/her staff; however, in practice all staff members have general finance, accounting or economic degrees and a "good understanding of the budget process".³ The 2004-05

² Fiscal Analyst, City of Detroit

³ Fiscal Analyst, City of Detroit.

fiscal year operations of this office cost \$729,191. This is 4.3% of the City Council's total expenditures and .02% of Detroit's total city expenditures.

The primary focus of the Fiscal Analysis Division is to provide the City Council with independent legislative fiscal advice. Specifically, the Fiscal Analysis Division performs a review of the Mayor's proposed Executive budget, which includes a review of each City department for the Council. The Division also makes recommendations to the City Council on various programs and objectives to be carried out in the annual fiscal budget year and conducts research on proposed changes in City, State and Federal public policy, which have a fiscal impact on the City of Detroit's budget.⁴

In addition to its routine projects, which include quarterly reviews of the Mayor's budget reports, the Fiscal Analyst can also be given specific projects by individual Council members. All legislation, economic development projects, administrative issues, etc., with a fiscal component are analyzed by the Fiscal Analyst's office as well. As part of his responsibilities, the Chief Fiscal Analyst must present at all Council meetings, which occur daily.⁵ Generally, the Fiscal Analyst does not conduct public meetings or workshops to summarize issues for the public.

In addition to its Fiscal Analysis Division, the City Council also appoints an Auditor General to do a careful audit of the entire city's financial situation, including all city agencies. The Auditor General is considered "independent" and is appointed to one ten-year non-renewable term. The Council also appoints a separate Ombudsman to investigate complaints against city departments, make recommendations and work with city departments to find solutions. The Ombudsman, who is appointed to a ten-year non-renewable term, does not review the city's budget.

Detroit's general obligation bond ratings for 2005 are:

- Moody's: Baa1
- S&P: A-
- Fitch: A

The Detroit City Council developed its Fiscal Analysis Division in 1985 because it wanted to have an independent analysis of the budget separate from those offered by the Mayor's budget/finance departments. This division was modeled after the Michigan state legislature's independent fiscal office, which provides the legislature with objective analysis separate from the Governor's Office.⁶

We interviewed three individuals who have held key positions related to Detroit's budget process.⁷ When asked their opinion as to the importance of having an independent

⁴ Fiscal Analysis Division website

⁵ Detroit City Council, Rules of Conduct: <http://www3.ci.detroit.mi.us/legislative/CityCouncil/Default.htm>: "There shall be a meeting of the City Council sitting as a Committee of the Whole, at 9:45AM on every business day except during recesses called by the City Council."

⁶ Fiscal Analyst, City of Detroit.

⁷ Fiscal Analyst, City of Detroit; Detroit City Councilwoman; Budget Director, City of Detroit and former Auditor General under Mayor Coleman Young.

fiscal office that reports solely to the Council, they strongly supported this notion, with one saying, “to feel independent they [the Council] need their own people, their own fiscal office”.⁸ The Budget Director also stated that because of the complexities of the budget process, he “likes having an outside consultant [Auditor General] that does this comprehensive review-it’s more objective”.

When asked how the Fiscal Analyst’s office interacts with the Mayor’s Budget office, the Fiscal Analyst said that while his style is to promote cooperation and collaboration with the Mayor’s budget office, of which he has daily contact with, sometimes it is important to assert that he is “the City Council’s advocate”. He also emphasized that his office tries to give as unbiased/objective reports as possible.

B. INDIANAPOLIS

Indianapolis is a consolidated city-county government representing around 780,000 residents. Indianapolis has a Council-Mayor form of government, with twenty-nine elected representatives on the city-county council. Twenty-five of the councilors are elected from districts and four are elected at-large. In Indianapolis, individuals run under a party affiliation. The Council leadership is chosen by the majority party. There is a Council president and majority leader, as well as a minority leader. Indianapolis’ current city charter went into effect on January 1, 1970.

Indianapolis’ City Council has ten standing committees:

- 1) Municipal Corporations;
- 2) Administration and Finance;
- 3) Community Affairs;
- 4) Economic Development;
- 5) Metropolitan Development;
- 6) Committee on Committees;
- 7) Parks and Recreation;
- 8) Public Safety & Criminal Justice;
- 9) Public Works; and,
- 10) Rules and Public Policy

Indianapolis’ version of the IBA is a private sector consultant who enters into one-year contracts with the City Council. The Indianapolis city-county government (ICCG) calls that person the Chief Financial Officer (CFO). The CFO is appointed upon recommendation of the Committee on Rules and Public Policy and subject to approval by the entire Council. In essence, the CFO is hired by the majority party of the Council. The CFO is supervised by the president of the Council and can take direction from Council committee chairs in addition to the Council president. If chairs are asking for more than three hours worth of work, the request must be approved by the president. Typically, all requests go through the president.

⁸Fiscal Analyst, City of Detroit

In principle, for an individual to become the CFO in Indianapolis, there is not a designated set of skills or certifications they must have. In practice, all individuals in recent history have been CPAs and most have worked in either the controller's office (the Mayor's IBA) or the auditor's office (the county executive's IBA).

The primary duties of the CFO are two-fold: one, to serve as the Council's "watch-dog" when the Mayor's office submits its budget for Council passage; and two, an agent to conduct fiscal analysis when a Councilor wants to pursue legislation that has a fiscal impact, and to report to the appropriate committee. These reports may include recommendations with regard to the additional appropriation. In budgetary terms, the CFO is on-call, paid \$100/hour with a statutory cap of \$80,000 per year. The Council has the authority to revisit this cap throughout the year and increase it if they so choose. The \$80,000 CFO cap represents 4.5% of the Council's total annual expenditures; and .01% of the total city expenditures.

Indianapolis' general obligation bond ratings in 2005 are as follows:

- Moody's - AAA
- S&P - AAA
- Fitch - AAA

We interviewed four city/county Councilors in Indianapolis. Three expressed satisfaction, although in one case it was more measured. A fourth Councilor expressed dissatisfaction, although only mildly. Even though the independent budget analyst is essentially hired by the majority party, and even though requests from individual Councilors must go through the Council president, people seem to think this structure works well. One Councilor noted of the way requests must be routed: "I don't think it's hampering anyone's ability" to pursue requests of the IBA⁹.

One Councilor noted that it works in Indianapolis because they have hired the right people. In this person's tenure, three of the four people had previously worked as a controller or deputy controller within the consolidated government. The theme he kept coming back to: "who you hire makes all the difference"¹⁰. One Councilor, noting that the city/county government doesn't spend, by comparison, as much as other jurisdictions on budgetary analysis, said, "you get what you pay for"¹¹. We think this is an important distinction. The Indianapolis model opts for cost effectiveness, which could come at the expense of other outcomes, although there was very little dissatisfaction expressed by the Councilors.

When asked if this setup serves the public, all agreed that it did, generally for the same reasons as above. However, one person remarked that, because they are only part-time Councilors, the public is very served to have someone fulltime—and independent—committed to addressing budgetary issues¹².

⁹ At Large Council Member, Indianapolis

¹⁰ City Council Member, Indianapolis

¹¹ City Council Member, Indianapolis

¹² At Large Council Member, Indianapolis

C. JACKSONVILLE

Jacksonville is a consolidated city-county government representing 735,000 residents. The city has a Council-Mayor form of government. The consolidated city-county Council is made up of 19 members, who are elected by district to four-year terms and serve as part-time legislators. The city is divided into 14 districts of nearly equal population and each of these districts elects a single Council member. The other five Council members represent the entire community "at large." The Council president is selected to a one-year term by a majority vote of the Council, and there are no term limits. Jacksonville's current city charter went into effect in 1968.

Jacksonville's City Council has eight standing committees:

- 1) Finance;
- 2) Public Health, Safety & Utilities;
- 3) Recreation & Community Development;
- 4) Transportation, Environment & Energy;
- 5) Land Use & Zoning;
- 6) Rules;
- 7) Government Performance, Audit, Technology & Education; and,
- 8) Military Affairs & International Development

Jacksonville's version of an IBA is called the Council Auditor's Office. The Council Auditor is appointed by a majority vote of the City Council. All of the employees in the auditor's office are appointees who serve at the discretion of the Council. There are no fixed terms. Removal of appointed positions is done by a majority of the City Council.

Any individual Council member or committee can make requests of the Council Auditor's Office; however, these requests are prioritized by the following order: (disputes are resolved by the Council president)

- 1) Charter requirements and requests by the Council as a whole;
- 2) Attendance at meetings of the Council and its standing and special committees, upon request;
- 3) Requests by the Council President;
- 4) Written requests from the chairmen of standing and special committees;
- 5) Written requests from members of the Council; and
- 6) Oral requests requiring minor effort

There are a total of 17 staff members in the Council Auditor's Office, headed by the Council Auditor, who must be a certified CPA or public accountant. There are three Assistant Council Auditors and 15 public accounts auditors at various levels—some full-time, some part-time. The total cost of the IBA, the Council Auditor's Office, is \$1,728,354, which represents 12% of Council expenditures; and .12% of total city expenditures.

One of the primary responsibilities of the Council Auditor's Office is to conduct continuous internal audits of the fiscal operations of the consolidated city county

government and all independent agencies. Financial transactions of every agency to which the Council makes appropriations is subject to audit by Council Auditor's Office. The office examines accounting systems used by all offices and departments of the consolidated government and all independent agencies.

The other primary responsibility of the Council Auditor's Office is to examine budget requests, financial legislation and major projects submitted for the City Council's approval. The office reviews all legislation before the finance committee and prepares a report on the Mayor's proposed budget.

The Council Auditor's Office handles its responsibilities in the following order:

- Performance audits
- Financial-related audits
- Follow up reviews
- Special reports
- Legislation review

Jacksonville carries no general obligation debt and its bonds Ratings in 2005 are as follows:

- Moody's: A3
- S&P: A+
- Fitch: AA

Both the Council's Chief of Research and its president noted in separate interviews that, when the Mayor has something important to sell to the Council, he must first sell it to the Council Auditor.

Members of the consolidated Council we spoke to expressed confidence in the "protective" nature of their IBA. The Council president said, "I've been on the Council for six years and my very best friends are the auditors. They show us the pitfalls of legislation that we couldn't see ourselves and before I do anything, I get briefed by them," she said.

D. KANSAS CITY

Kansas City, Missouri has a Council-Manager form of government, with thirteen City Council members representing roughly 440,000 residents. The city is divided into six Council districts. The Mayor and six City Council members are elected at-large, with one at-large Council member representing each district. The six remaining Council members are elected only by voters living in their districts. All Councilors are elected to four-year terms at the same time and they may only serve two consecutive terms. The Mayor serves as Council president. The current city charter went into effect on February 24, 1925.

Kansas City's City Council has seven standing committees:

- 1) Aviation;
- 2) Budget and Audit;
 - a) Reviews the auditor annually
- 3) Finance;
- 4) Legislative, Rules and Ethics;
- 5) Neighborhood Development and Housing;
- 6) Operations; and,
- 7) Planning, Zoning & Economic Development

The Mayor, as City Council president, appoints council committees, including members, chairs, and vice chairs.

Kansas City's version of an IBA is performed by the City Auditor's Office. The City Auditor is appointed by the City Council and has no fixed term of office. Statutorily, the City Auditor's Office is supervised by the Budget and Audit Committee, distributing memoranda to the Mayor, City Council, management staff and the city attorney. In practice, however, all Council-related direction is given through the Council's Budget and Audit Committee. The CAO is technically independent of the City Manager, but department directors can request assistance from the City Auditor's Office.

The City Auditor's Office employs fifteen auditors and five managing auditors. Most staff members have advanced degrees in accounting, business administration, finance, law, psychology or social science. The auditors work in teams with a manager staffing each team. Teams are ad hoc and determined based on work load, expertise and availability. Some staff are at will while others are covered by civil service, particularly if they came up through other civil service staffing positions within the jurisdiction. The total cost of the Auditor's office is \$1,218,384, which is .12% of total city expenditures. Occasionally the office hires consultants for specific projects. For instance, last year the City Auditor's Office paid \$50,454 in outside contracts.

There are seven primary responsibilities of the City Auditor's Office:

- 1) Performance audits;
- 2) Review and comment upon the Manager's proposed budget prior to adoption;
- 3) Research costs and other effects of proposed legislation as requested by individual Council members;
- 4) Provide assessments of financial information and other proposals by city management at the request of Council;
- 5) Report on the results of a government assessment of boards and commissions;
- 6) Review the financial audit and internal control reports of those agencies that receive at least \$100,000 in city funding annually; and
- 7) Maintain Audit Report Tracking System – tracks the implementation of audit report recommendations

Evaluating the efficiency, effectiveness and equity with which city departments carry out their financial, management and program responsibilities is one goal of the City Auditor's Office. The other primary goal is to assist the City Council and management staff in

carrying out their responsibilities by providing them with objective and timely information on the conduct of city operations.

The City Auditor is not required to be at Council meetings but does have floor privileges. The General Obligation Bond Rating for 2005 is as follows:

- Moody's: Aa3
- S&P: AA
- Fitch: AAA

E. LOS ANGELES

Los Angeles has a Council-Mayor structure, with fifteen district-elected City Council members representing the city's 3.7 million residents. The Council elects one of its members as the presiding officer or President of the Council. Los Angeles transitioned to the Council-Mayor form of government when its latest charter took effect on July 1, 2000.

Los Angeles' City Council has fifteen standing committees:

- 1) Arts, Park, Health & Aging;
- 2) Audits & Governmental Efficiency;
- 3) Budget & Finance;
- 4) Commerce, Energy & Natural Resources;
- 5) Conventions, Tourism, Entertainment Industry & Business Enterprise;
- 6) Education & Neighborhoods;
- 7) Environmental Quality & Waste Management;
- 8) Housing, Community & Economic Development;
- 9) Information Technology & General Services;
- 10) Personnel;
- 11) Planning & Land Use Management
- 12) Public Safety
- 13) Public Works
- 14) Rules & Elections; and
- 15) Transportation

The Council President appoints each member as the chairperson of one committee and member of two others.¹³

Los Angeles' version of an IBA is called the Chief Legislative Analyst (CLA). Specifically, the CLA provides independent policy and budget evaluation solely and at the discretion of the Council. The CLA is appointed by and serves at the pleasure of the Council. The CLA reports to the entire Council as well as individual members and committees. Some Council members use the CLA's services more than others—it is entirely up to them.

¹³ <http://www.ci.la.ca.us/facts2.htm>

The CLA's office has about forty staff members, including twenty-five analysts. All analysts are at the will of the council. CLA analysts must have a minimum of a four-year college degree. Majors range greatly from business to political science and city planning. Many analysts have advanced public policy or professional degrees.¹⁴ The CLA's office is seen as an extension of the Council and is included in its budget. The office was unable to disclose its specific budget, but we have determined that it spends between \$2-3 million of its \$21 million budget on the CLA. This averages out to be between 9.5 and 14.2% of the Council's budget.

The CLA's primary responsibilities are to evaluate the budget from a citywide perspective and to provide analytical support to Council members and staff on legislative matters. The number of specific reports the CLA's office produces vary greatly year to year; however, routine reports include briefing notes and analyses on issues before Council committee hearings; staffing the Council desk when the Council meets/assisting the clerk and City Attorney to ensure that meetings are running smoothly; and having a CLA staff analyst assigned to each Council committee. Each Councilmember also has at least one of their own staffers assigned to review the budget from the specific member's perspective.

Los Angeles' general obligation bond ratings for 2005 are:

- Moody's: Aa2
- S&P: AA
- Fitch: AA

F. SAN FRANCISCO

San Francisco is a consolidated city-county form of government representing over 775,000 residents. San Francisco citizens are represented locally by eleven members of the Board of Supervisors and a Mayor. Each Supervisor represents a district in San Francisco and is elected by that district. The Mayor is the only city-official elected by city-wide vote. San Francisco instituted district elections in 2000, with Board members elected to four year terms, and elections staggered over every two years. San Francisco was a Strong Council/Manager form of government from 1932 until 1996, when it transitioned to a Council-Mayor form of government, because "there were too many amendments to the City Charter to make sense, we wanted to clean up and modernize our City Charter and the way we did business in City Hall"¹⁵.

The Board of Supervisors has six standing committees:

- 1) Budget and Finance;
- 2) City and School District Select Committee;
- 3) City Operations & Neighborhood Services;
- 4) Government Audit & Oversight;

¹⁴ LA's City Administrative Officer (CAO) works with the Mayor's office confidentially on writing the budget up until the time the budget is released to the Council/public. The CAO then advises the City Council on budget, essentially making himself available for feedback

¹⁵ Former President, San Francisco Board of Supervisors

- 5) Land Use; and
- 6) Rules

San Francisco's IBA is performed by a private consulting company. Specifically, San Francisco's budget analyst is Harvey Rose, CPA and President of the Harvey Rose Accounting Firm. Rose was originally part of city staff in 1971 and moved to the private sector in 1975, changing his relationship with San Francisco City Hall as a contracted budget analyst.

The Budget Analyst contract must be certified annually by the Controller and the Board of Supervisors to assure that services are provided at a lower cost than if the work were performed by City employees. The BA has no fixed term and can be removed or replaced by a majority vote of the Board of Supervisors.¹⁶ In addition, the BA reports to the City Clerk, full Board of Supervisors and/or committees depending on context. For example, the BA provides independent fiscal analyses, special studies and management audit reports on City departments and programs to the entire Board and at other times the BA reports recommendations to the Finance Committee.

The Harvey Rose accounting firm includes nine senior staff and a joint venture partnership with a number of firms pursuant to the Minority/Women/Local Business Enterprise Ordinance.¹⁷ All staff members have a minimum four-year degree with common majors of accounting, economics, policy and/or political science. The total cost of operations in FY 2004-05 for the Budget and Legislative Analysts is \$2,289,268, 23% of the Board of Supervisors expenditures and .05% of total city expenditures.

The responsibilities of the BA are as follows¹⁸:

- 1) Review the City and County of San Francisco's proposed Annual Budget and report recommendations to the Board of Supervisors Finance and Labor Committee;
- 2) Analyze and report on:
 - a) all fiscal matters in legislation referred to the Board of Supervisors' Committees; and
 - b) when at least five days notice is given to the budget analyst, all fiscal matters in legislation considered by the full board without reference to committee;
- 3) Conduct management audits of City and County departments as requested by formal motion of the Board of Supervisors;
- 4) Perform special fiscal analyses as requested by formal motion of the Board;
- 5) Review and analyze, as necessary to perform services requested by the Board of Supervisors, all records of the City and County;

¹⁶ Two San Francisco Mayors took steps to try to fire Harvey Rose

¹⁷ These firms include: Louie & Wong, LLP, Debra A. Newman and Associates, Stanton W. Jones and Associates and Rodriguez, Perez, Delgado, Certified Public Accountants:
http://www.sfgov.org/site/budanalyst_index.asp

¹⁸ http://www.sfgov.org/site/budanalyst_index.asp

- 6) Attend each full Board meeting and each meeting of the Boards Finance Committee and such other Committee meetings as necessary; and
- 7) Perform all other duties as requested by a committee of the Board concerning legislation pending before it or as requested by formal motion of the Board of Supervisors.

San Francisco also has a controller who has a very distinct set of responsibilities from the Budget Analyst. Specifically, the Controller is responsible for financial systems, procedures, internal controls and reports on the City's fiscal condition as well as conducting audits on departments and agencies¹⁹.

San Francisco's General Obligation Bond Rating for 2002 is as follows:

- Moody's: Aa3
- S&P: AA
- Fitch: AA

Because the long-standing relationship between Harvey Rose and San Francisco is unique compared with other cities, we researched and report below some pros and cons to this relationship:

Pros

- The Council does not need to be concerned with staffing requirements
- Some academic evidence suggests that having the same auditor over a long period of time lowers fees as learning takes place.²⁰

Cons

- There is not a competitive process to the contract and academic evidence shows that cities that regularly solicit auditor bids pay lower fees.²¹

Additionally, the Harvey Rose firm maintains other clients, including other cities. In our outreach to recent and former Supervisors, there was overwhelming support for Rose, yet caution that Rose has close relationships with certain Supervisors over others and that may cause at time, a certain, if minimal, loss of objectivity.

V. CONCLUSION

We hope you have found this report informative. We look forward to speaking with you in detail about our findings. As we continue to move forward with the transition, we look

¹⁹ http://www.sfgov.org/site/controller_index.asp

²⁰ Simunic, D.A. "The Pricing of Audit Services: Theory and Evident," *Journal of Accounting Research* (Spring 1980), pp161-190

²¹ Rubin, Marc. "Municipal Audit Fee Determinants," *The Accounting Review* (April 1988) pp. 219-236; DeAngelo, L.E. "Auditor Independence, Low-Balling and Disclosure Regulation," *Journal of Accounting and Economics* (August 1981), pp113-127

forward to your feedback on content, style and structure of our recommendations, so as to best serve you through the transition.



DEWEY SQUARE GROUP

OFFICE OF LEGISLATIVE ANALYSIS REPORT
SAN DIEGO CITY COUNCIL
COUNCIL-MAYOR GOVERNMENT TRANSITION PROCESS
APRIL 6, 2005

INTRODUCTION

Our report on the Office of Legislative Analyst (OLA) addresses the expected needs of the City of San Diego as you continue your transition to a Council-Mayor form of governance. DSG have conducted both academic and anecdotal research, assessing cities throughout the country that our methodology suggests have legislative structures and experiences that would be applicable to San Diego.

The following report describes in greater detail the methodology used; case studies or “portfolios” of cities that have undergone similar transitions or have implemented varied legislative analysts; and considerations for San Diego based upon a comparative analysis of this research.

The report is organized into six primary sections:

- I. Recommendations
- II. Purpose and Scope of Work
- III. Methodology
- IV. Comparative Analysis (Table)
- V. Portfolios
 - A. Detroit;
 - B. Jacksonville;
 - C. Indianapolis;
 - D. Los Angeles;
 - E. Oakland;
 - F. San Francisco; and
 - G. State of California
- VI. Conclusions

I. RECOMMENDATIONS

Upfront, DSG strongly recommends creating an Office of Legislative Analysis. As mentioned at the beginning of this report, having a Council-wide policy staff that unifies the individual members will be critical as the Council strives for balance in the new government structure. Additionally, DSG has outlined the main decisions the Council must make to establish an effective OLA. The decisions have been laid out in sequential order.

1. OLA responsibilities (scope of work)

The primary functions of typical OLAs are to provide staff support to the Council, individual Council members and chairs of the Council Committees; to prepare a legislative summary of each bill introduced to council, including impact on present law if enacted; to provide analysis and information concerning pending legislation assigned to committees; responding to public inquiries on legislative matters; to provide policy research and analysis; to give individual assistance with developing legislation and policy; and to assist in drafting legislation. In some cases, the OLA is wholly responsible for the drafting of legislation.

DSG recommends that San Diego's OLA perform the following tasks:

- Prepare legislative summary of each bill introduced to council including impact on present law if enacted;
- Provide research and analysis to the Council, Council Committees and individual Councilors; and
- Assist in the drafting of legislation. This is ultimately the purview of the City Attorney but it should be in the OLA's mandate to assist in this exercise, knowing that all legislation must be approved for the City Attorney.

2. Staff size

The OLA's staff size is relative to the scope of work tasked by the Council. In addition to the primary responsibilities, outlined above, consideration should be paid to the learning curve that will take place as the office establishes itself in 2006. This means that a scaled back scope of work may be in order for the inaugural year. DSG's recommendations below are consistent with recommendations provided in regards to the IBA.

DSG recommends the Council create one Office of Analysis with fiscal and policy wings. Of the cities analyzed, Los Angeles' Chief Legislative Analyst's office and the California Legislative Analyst office come closest to this structure. However, we draw on the experiences of other cities to recommend modifications. The Senior Analyst to this office would have a policy background with an economic focus, and would be responsible for incorporating both the fiscal and policy analyses for report to the Council. In the policy wing, DSG recommends a Deputy Policy Analyst (with a strong policy background, possibly with a law degree or substantial public sector experience) and three junior analysts. In the fiscal wing, DSG recommends a Deputy Fiscal Analyst (with a strong economics/budgeting background) and three

junior analysts with diverse backgrounds.¹ There should also be a small support staff.

DSG recommends the Council consider San Francisco and Jacksonville's staff structure to determine staff size. Both of these offices employ four analysts for the Council as a whole. These cities while smaller than San Diego have workloads that are even heavier due to their consolidated City County governments. Detroit also employs 4 policy analysts for the Council.

3. Staff qualifications

OLA staff usually has at least four-year college degrees, and often advanced degrees. Senior OLA Analysts are policy analysts and social scientists with advanced degrees in law, public administration, political science or related fields. They tend to have excellent communication and research skills and an ability to remain impartial in their work. All have extensive public sector experience.

DSG recommends that all analysts have a minimum of a four-year college degree, and that the Deputy Policy Analyst have a law degree and substantial public sector experience. The Senior Analyst should have the power to staff his/her office, e.g. make hiring recommendations or decisions.

4. Reporting structure to Council

A main function of the OLA is to write reports and respond to specific requests. "Requestors" of the OLA may include:

- Presiding Officer
- Whole Council- by majority vote
- Committee Chairs
- Committee
- Individual members

DSG recommends that requests to the OLA be made by, and in this order:

- Whole Council-by majority vote
- Council President
- Committee Chairs
- Individual members

DSG recommends that San Diego institutionalize a prioritization schedule of responding to requests. The priority should be as listed above, starting with the entire Council, and ending with individual members. DSG also recommends that the Council consider only allowing the Council as a whole or the Council President to request extensive reports, and consider if members may request evaluation of legislation that has not yet been introduced—especially if the structure that DSG has recommended is adopted by the Council. Disputes should be resolved by the Council President.

¹ The junior analysts for both wings should have diverse expertise. In the legislative wing, analysts might have different areas of policy expertise, such as transportation, planning, and social services. In the fiscal wing, one analyst might be focused on tax forecasting, while another is adept at public budgeting.

5. Office location

The physical location of the OLA office will determine its interaction and relationship with the City Council. The desire of the OLA and City Council to be in close proximity must be balanced with the ability of the OLA to be truly independent.

DSG recommends that the OLA office be in the same building as the City Council.

6. Schedule

There is a short period of time to complete the necessary steps in establishing an OLA office.

DSG recommends that the City Council review and discuss the information outlined in this report and the Independent Budget Analyst report. Upon review of these reports, DSG recommends the City Council institute a schedule to create the OLA office prior to January 1, 2006. The schedule should include the following:

- Revise standing rules of order and enact city ordinances defining the goals, responsibilities, and organization of the OLA office;
- Consider creating a "hiring committee";
- Write and distribute job description;
- Conduct candidate interviews for the senior position;
- Conduct candidate interviews for junior positions; and
- Identify and open office space.

II. PURPOSE AND SCOPE OF WORK

DSG was instructed to assist the Council in setting up an Office of Legislative Analysis. As the Council transitions to a co-equal government structure equal with the executive branch, having a Council-wide policy staff that unifies the individual members will be critical as it carves out a meaningful role in the new government structure.

To give the City of San Diego a sense of how other jurisdictions structure their OLA, a number of cities and jurisdictions from across the United States were researched and seven were chosen to highlight as case studies.

III. METHODOLOGY

The seven chosen cities - Detroit, Jacksonville, Indianapolis, Los Angeles, Oakland, San Francisco, and the State of California - were selected based on the relationship of the OLA to an Independent Office of Budget Analysis, city size, form of government, demographic diversity, and city financial capacity.

Portfolios are provided of each of these jurisdictions and recommendations based on San Diego's needs and the best practices of the jurisdictions that were studied.

IV. COMPARATIVE ANALYSIS

This chart is derived from the scope of work document developed by San Diego and is meant to give a side-by-side comparison of the key questions laid out in the considerations of creating an OLA office. More detailed information is contained in the portfolios.

Function	Detroit	Indianapolis	Jacksonville	Los Angeles	Oakland	San Francisco	California
OLA Total Cost (FY 2004-05)	3,175,308; 32% of Council expenditures;	\$50,000; 3% of Council expenditures	\$228,543; 1.6% Council expenditures	\$2-3 million; 9-14% of Council Expenditures;	\$219,879 6% of Council expenditures;	\$285,977; 3% of Board Expenditures	\$5,934,000 2.7% of Legislature expenditures
OLA Reports to:	City Council	Clerk to the Council	Council President	City Council	City Council	Organizationally to the Clerk, but in practical terms, to Committees, President of the Board of Supervisors and to the whole Board	Joint Legislative Budget Committee
OLA takes direction from:	City Council	Council President and Individual Councilors	Council, Committee Chairs, Individual Councilors	Council, Committees, Individual Councilors	President of City Council, whole Council	Committees, President of the Board of Supervisors and to the whole Board	Joint Legislative Budget Committee
OLA as resource throughout year?	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Staffing	14 total, 1 Director of Research and Analysis, 8 legal analysts, 4 policy analysts	1 part-time employee of the council	4 total, 1 Chief of Research; 3 Research Assistants	26 total, 1 Chief Legislative Analyst, 1 Assistant Chief, 4 Division Heads, 20 Staff Analysts	2 total, 1 policy analyst, 1 budget analyst (currently vacant position)	4 Analysts	49 Analysts
Staff Background	Director has a JD, pursuing a PhD	Administrative	Legal, various others: public administration, political science or related field public sector experience	Four-year college degree minimum; various majors business, political science, city planning; many have advanced degrees	No formal background requirement, four-year college degree desired	No formal background requirement but most have advanced degrees in public policy or social science	A variety of PhDs including Economics, Mechanical Engineering and History
Role in drafting legislation:	Drafts all legislation	None, General Counsel to the Council drafts all legislation	Rarely, City Attorney drafts most legislation	City Attorney drafts most legislation	Assists in drafting legislation, City attorney drafts most legislation	Assists in drafting legislation; City Attorney drafts most legislation	Doesn't fall to OLA

Interaction among Council, Mayor and OLA:	Works exclusively for the Council	Works exclusively for the Council	Has informal relationship to Mayor's office, but works for exclusively for Council	Works entirely on behalf of Council	Has informal relationship to Mayor's office, but works exclusively for Council and Council President	Participates in "working group" made up of representatives from other offices, including the Mayor's office of budget and policy	Works exclusively for California Legislature
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V. PORTFOLIOS

After researching and reviewing numerous cities, DSG decided to pursue and develop case studies for seven jurisdictions. DSG began by evaluating the institutional structure of the 10 largest U.S. cities and collected information on the demographic make-up and fiscal capacity of cities that have Independent Budget Analyst Offices. The selected cities provided a range of options in their OLA structures and were comparable to San Diego in terms of their total size, form of government, population diversity, and fiscal capacity. Those cities that have an established Independent Budget Analyst Office were of the highest priority for our analyses because they provide the best comparison for San Diego's new organizational structure. The portfolios detailed below are specific to the OLA and should serve as a useful guide to San Diego.

A. DETROIT

Detroit was chosen as a case study because it has a Council-Mayor form of government; as one of the largest cities in the U.S.; it has a total population and city budget that is similar to San Diego; and it has an IBA. Detroit's OLA is an example of a well established research division that also handles the Council's legal needs.

Detroit's OLA, called the Research and Analysis Division, is comprised of sixteen staff members, including eight legal analysts and four policy analysts. The office also employs 8 support staff who work as administrative assistants, videographers, and cable specialists. Detroit established the OLA in 1974 and its FY 2004-2005 operational budget was \$3,175,308.

Detroit's Research and Analysis Director is appointed by a majority decision of the Council. The Director then appoints his/her staff. All of the analysts have a minimum of a four-year college degree; however, the Division's legal analysts must also have a law degree. At the direction of the Council, the Research and Analysis Division can hire outside experts and consultants to assist the City Council. All staff is exempt from civil service except for those that have transferred to the Division from civil service jobs and thus retain some civil service protection. Staff members work on assignments individually or in small teams.

Formally, the Division receives its assignments at the direction of the City Council and reports directly to the City Council. For the most part, the Division receives its

assignments from requests of individual Council members. These requests are received both verbally and/or through written memo.

The Research and Analysis Division provides the City Council with legal, legislative and policy analysis. The Division also provides legal, policy and research assistance to the City Council Task Forces and Committees. The Research and Analysis Director, at the direction of the City Council can render legal opinions, issue subpoenas to executive departments and represents the City Council as their Attorney in certain matters. The Division also provides assistance to the City Council in the drafting of ordinances, legislation, charter language and ballot language. The Division is also in charge of broadcasting city council meetings to the public.

The Research and Analysis Division, like the Fiscal Analysis Division, is considered an arm of the Council. While the Fiscal Analysis Division does the Council's budget and fiscal review, the Research and Analysis Division also reviews fiscal matters but does so from a more policy and legal perspective. The two offices informally work together on matters that have both policy and fiscal impacts although there is no clear working group or structure in place for this collaboration.

STRENGTHS OF THE DETROIT OLA

- Professionalized. The Research and Analysis Division is diverse and composed of many staff members that have a long history of working for the city. This institutional knowledge is very useful in giving the office a comprehensive understanding of policy and legal issues; and
- Comprehensive. The Division's broad scope of work ensures that all policy, legal and fiscal matters are reviewed from the Council's perspective.

WEAKNESSES OF THE DETROIT OLA

- Unclear structure. Without requests coming from a central office (e.g. the Council President), the Division is given numerous assignments from all individual Council members, causing competing priorities for Division staff;
- Unclear directives. There is no clear structure or timeline on how/when Councilmember requests need to be completed; and
- Disconnected. There is no formal connection between the OLA and the IBA in Detroit.

B. JACKSONVILLE

Jacksonville was chosen as a case study because it has a Council-Mayor form of government, it is a large city and it has an influential IBA office. Its OLA is an example of a relatively simple, well-defined, policy oriented research team.

The OLA is headed by the Chief of Research and is assisted by three Research Assistants, for a total staff size of four employees. All of these employees are officially appointed by the Council Personnel Committee, although the Council President is the person mainly responsible for giving the committee its options. The Chief of Research

and the Research Assistants are ultimately hired when the full council passes a resolution approving their hiring. They serve at the pleasure of the council and do not have terms of office.

Salaries for the Chief of Research and 3 research assistants total \$228,543 for the current fiscal year. The operational expenses (phones, office supplies, etc.) are part of the overall Council Staff Services budget, not allocated particularly to the OLA.

The Jacksonville OLA is under the direct supervision of the consolidated City-County Council. They take direction from the Council President and the Council. When it comes to producing reports, the OLA prioritizes the requests in the following manner:

1. Entire Council
2. Council Committees
3. Individual Council members
4. Citizen Boards and Commissions

As the Chief of Research told us, "We're creatures of the whole council. We work for all of them. None of my people work on campaigns or had worked locally in any political or partisan way. That would compromise their ability to work for whoever wins."

Responsibilities of the Jacksonville OLA include:

1. Prepare legislative summary of each bill introduced to council including impact on present law if enacted;
2. Prepare reports on matters of interest to Council or proposed legislation;
3. Staff council committees;
 - a. A research assistant attends all committee meetings;
4. Conduct research on emerging issues;
5. Prepare a reference sheet for each Council meeting that explains amendments and substitutes;
6. Provide a clipping service of local periodicals;
7. Maintain a list of the Council's boards and commissions;
8. Provide research services for boards and commissions that function as an extension of Council; and
9. Maintain the Council library.

STRENGTHS OF JACKSONVILLE OLA

- **Comprehensiveness.** Jacksonville's OLA provides a full range of services to the Council. One of the Council members told us, "Anytime I've ever asked for anything, the turnaround is quick and my own council assistant is not having to do research and policy analysis. It leaves her to focus on constituent issues, which is exactly where I need her.";
- **Proximity.** Another Councilor advised San Diego to keep the OLA close. "Location is important," he said. "Make them feel part of the legislative branch, not the step children stashed in a basement of another building. Make them feel part of the process."; and

- Very clear and accepted prioritization of duties.

WEAKNESSES OF JACKSONVILLE OLA

- Focused on Council as a whole. Requests of individual Councilors are the last priorities the research staff assumes;
- Disconnected. No formal connection to the city IBA; and
- Narrowly focused. No legal expertise is provided by the research division.

C. INDIANAPOLIS

Indianapolis was chosen as a case study because it has a Council-Mayor form of government; as one of the largest cities in the U.S. - it has a total population and city budget that is similar to San Diego; it has an IBA and its OLA is the smallest operation of the cities DSG investigated, offering a unique option for San Diego's consideration.

Only one staff person is dedicated to policy research and that staff person is in the office of the Clerk of the City Council. There are two individuals, The General and Minority Counsel, responsible for the legal work of drafting of legislation - one for the partisan majority and one for the partisan minority offices. They only do the most minimal amount of legislative analysis.

The employee in the Clerk's office has other duties, so it was estimated that her cost (including benefits) to the overall legislative research budget is \$25,000. This person is hired by the Clerk to the Council, who herself is hired by the entire council. She is tasked with occasional research such as studying historical data or compiling information from other cities across the country for research purposes.

The primary responsibility of the General Counsel is to review proposed legislation for "form and content". He/she makes sure the legislation is constitutional and not duplicative of other laws currently in the code and is required to attend Council meetings to provide legal guidance. Any Councilor can direct the General Counsel to examine legislation unless the request is expected to take more than three hours. If that's the case, then the request must go through the Council President's office. According to the Clerk to the Council, the reason for this extra step is budgetary. With such limited funds, she explained, the jurisdiction wants to be judicious with the hours the General Counsel is available to them. Unsaid, of course, is that this allows the Council President more control over the process as well as the projects on which the General Counsel spends his time.

The General Counsel is hired by the Council President although they are officially appointed by the committee on Rules and Public Policy and subject to approval by the entire Council. The terms of contracts are one-year and as such, are not civil service employees.

The Minority Counsel is the overall legal counsel to the minority caucus. That person can and does review proposed legislation, but the legislation is still subject to review by the General Counsel.

STRENGTHS OF INDIANAPOLIS OLA

- Cost. At only \$50,000 Indianapolis' way of structuring its OLA is the most cost effective of all the jurisdictions reviewed.

WEAKNESSES OF INDIANAPOLIS OLA

- Scope of work. Relative to other jurisdictions, the structure in the OLA does not provide some of the services of OLAs in other jurisdictions. As such, more duties and responsibilities fall onto the individual Council staffs; and
- Disconnected. The General Counsel and Research Director are not combined in the same office. This may produce inefficiencies and/or contradictions in policy analyses.

D. LOS ANGELES

Los Angeles was chosen as a case study because it has a Council-Mayor form of government and recently enhanced the power of its executive through a charter revision; it is one of the largest cities in the US and has a diverse population; its Office of Legislative Analysis uniquely performs all of the Council's policy and budgetary analysis and review.

Los Angeles' OLA, called the Chief Legislative Analyst's Office, is comprised of approximately forty staff members, including one chief CLA, two assistant CLAs, four division heads and twenty-five analysts. All CLA analysts are at the will of the council. They must have a minimum of a four-year college degree although many analysts have advanced public policy or professional degrees. Los Angeles' CLA has been in existence since 1975.

LA's OLA operational budget for FY2004-2205 is approximately \$2-3 million. This budget, which is primarily expenditures on staff salaries and budgets, is folded into the City Council's overall budget of \$21 million. The Council does not disclose its itemized budget; however, this is an accurate assessment of salary costs.

The Chief Legislative Analyst serves at the pleasure of the Council and is appointed and removed by a two-thirds vote of the Council. The office receives assignments from both individual Council members and committees. Once the requests are submitted, usually via a council motion or an individual member request, they are tracked through a work assignment system where they are funneled to division heads and ultimately end up assigned to an analyst. Requests are not processed in any particular order; rather, the CLA does everything it can to complete the assignment according to when the member or committee wants it. The CLA's office works confidentially on behalf of the Council and its members and does not share analyses with anybody but the member or committee that requests it. Los Angeles uses a process of "two signature memorandums" on important documents and studies from the CLA. These reports are signed by both the City Administrative Officer and the CLA. This generates an impetus for coalition building across the branches.

The CLA's primary responsibilities are to provide policy, budget and legislative research and analysis on behalf of the City Council, its committees and individual members. The number of specific reports the CLA's office produces vary greatly year to year; however, routine reports include briefing notes and analyses on issues before Council committee hearings; staffing the Council desk when the Council meets/assisting the clerk and City Attorney to ensure that meetings are running smoothly; and having a CLA staff analyst assigned to each Council committee. The CLA's staff writes all council motions but according to the city's Charter, the City Attorney must either write or approve all ordinances. All language, ordinances, charter language, ballot language and legal analysis is handled by the City Attorney.

STRENGTHS OF THE LOS ANGELES OLA

- Integrated. The CLA's role as the Council's budget and policy advisor ensures that all policy, fiscal and budgetary matters are comprehensively reviewed from the Council's perspective. This also reduces duplicative work of fiscal/budgetary matters that would normally have to be evaluated by a separate IBA and OLA;
- Builds Bridges. The use of the dual signature process on key studies encourages teamwork between the Executive and Legislative branches; and
- Confidentiality/Professionalism. The CLA's office is very clear on the fact that they work at the pleasure of the Council and its members and they do everything possible to ensure timely, confidential reports.

WEAKNESSES OF THE LOS ANGELES OLA

- Duplicative work. Between individual Council staff and CLA analysts, there are a number of people researching and analyzing the same issues; and
- Lack of legal integration. The Council depends on the City Attorney's office, not the CLA, for all ordinance drafting and legal analyses.

E. OAKLAND

Oakland was chosen as a case study primarily because it has recently transitioned to a Council-Mayor form of government from a Council-Manager structure. It is also one of the largest cities in the U.S.; and it has a small, unstructured OLA providing another potential option for San Diego.

Oakland's OLA is a very small operation, with funding for two analysts. Currently only one policy analyst is on staff. The second position is targeted toward budget analysis, and is vacant. Oakland established the OLA in 1999. Oakland's OLA operational budget for FY2004-2205 is \$219,879. The primary expenditures are staff salaries and benefits.

As in most cities, Oakland's City Council members are each given funds for staffing. The regular staff structure includes one legislative aide, one person assigned to constituent services and one administrative assistant. Therefore, the legislative aide to each Council member does a majority of the legislative analysis. This includes analysis for the committees on which the Council member either chairs or sits. Additional legislative

analysis for Committees is provided by Oakland's executive branch. This is a result of the former government structure that has not fully changed, in that the committees are structured to correspond with agencies. Therefore, Oakland's OLA generally provides independent research and analysis on "miscellaneous" legislation.

There are no formal requirements for legislative analyst candidates in Oakland though the current analyst said that experience in developing policy is integral to success on the job.

From an organizational structure, the OLA reports to the Council. In practical terms, the OLA works closely with President of the Council. The legislative analyst is appointed and terminated by the President of the Council and not covered by civil service.

Specific responsibilities of the OLA include:

1. Research on specific ordinances proposed to council or that Council members are interested in proposing;
2. Quarterly report to council on their activities; and
3. Assist Council in reviewing and revising Mayor's budget (legislative analysts play a key role in incorporating competing interests on the Council and developing a cohesive council budget).

The Mayor and current President of the Council have a close relationship. The OLA staff has not increased in size since Oakland's government transition, due in part to this congenial relationship. There is not an urgency of having to counter-balance the Mayor's legislative agenda. Alternatively, Oakland's City Attorney is an elected official, and it was suggested by a Council member's legislative aide that it would be good to have an increased OLA staff, to include an attorney, to counter the City Attorney's review of legislation.

STRENGTHS OF THE OAKLAND OLA

- Responsive. Strong working relationship with Council members;
- Efficient. Relatively inexpensive; and
- Relieves workload of Council staff.

WEAKNESSES OF THE OAKLAND OLA

- Limited staff size. Having only 2 analysts means that a limited amount of policy analyses can be performed;
- No legal expertise. Is not situated to go "toe to toe" with City Attorney's office regarding legislation;
- Unstructured. The lack of formal responsibilities of this office means that the analysts tend to work on overflow assignments from the Councilmember, rather than developing policy for the Council as a whole; and
- Appointment from President of Council causes concern that the President can use analysts as additional staff.

F. SAN FRANCISCO

San Francisco was chosen as a case study for the following reasons: it has a Council-Mayor form of government; it is one of the largest cities in the U.S.; it has an IBA and the structure of its OLA is unique enough to include for San Diego's consideration.

San Francisco's OLA is comprised of four analysts who work at City Hall. San Francisco established the OLA in 1997; it became operational in January 1998.

San Francisco's OLA operational budget for FY2004-2205 is \$285,977. The primary expenditures are staff salaries and benefits. The cost of office maintenance cannot be distinguished from the City Clerk expenditures.

The OLA provides independent research and analysis to "assist the legislative efforts of Board members in addressing policy issues."² The OLA staff is made up of graduate students of public policy with social science research skills. The Senior Legislative Analyst has an undergraduate degree in economics and an MBA. Although there is no formal education requirement, the caliber of applicants results in staff having graduate degrees.

OLA staff is appointed by the Clerk of the Board of Supervisors. The Clerk, at times, has organized a "panel of peers"³, that includes representatives from the City Attorney's, Controller's, IBA and Supervisors' offices to be on the selection committee. A reason for doing this is that the Clerk usually has no formal background in legislative or budget analysis. The OLA staff is exempt from civil service.

From an organizational structure, the OLA reports to the Clerk. In practical terms, the OLA works closely with Board members and the President of the Board of Supervisors. Some objectivity and fairness comes into play from all sides to make sure the OLA is meeting the needs of everyone involved. The OLA structure is currently changing in that their first "customers" are the Chairs of Committees. This is followed by requests from individual members or the Clerk of the Board (requests may be confidential). Members can request research, analysis, data gathering, advice and/or consultation when developing legislation and policy. The OLA also assists the full Board, including assistance to Board task forces and advisory committees. Specific responsibilities of the OLA include:

1. Provide staff support to the Board of Supervisors and Chairs of the Standing Committees of the Board and report to each of the members of the Committees;
2. Provide analysis and information concerning pending legislation assigned to the committee;
3. Responding to public inquiries on legislative matters;
4. May collect, evaluate and report on information necessary for legislative oversight and informational hearings;
5. May provide assistance to any Board Member (time permitting) analyzing policy issues and legislation;

² http://www.sfgov.org/site/bdsupvrs_index.asp?id=4375

³ Andrew Murray, San Francisco Senior Legislative Analyst

6. Policy research and analysis;
7. Individual assistance with developing legislation and policy; and
8. Reports often contain costs of funding estimates.

The OLA works with the Mayor's liaison to the Board and works with counterparts from the Mayor's budget and policy office. Specific to the annual budget, the Supervisors' have a working group comprised of representatives from the OLA, IBA, Mayor's budget and policy office, City Attorney's office and Supervisors' offices.

The OLA walks a fine line of being subject to the political whim of Supervisors and being far enough removed to be independent. "There needs to be a certain level of closeness in relationships, to facilitate responsiveness, but enough distance to allow independence. The Clerk serves, in part, as a firewall between the OLA and the Board."⁴

STRENGTHS OF THE SAN FRANCISCO OLA

- Strong working relationship with Board members, but appreciates "firewall" through Clerk's office;
- Organized to be objective; and
- Relatively inexpensive (in comparison to IBA office) for amount of assistance made available to Board members.

WEAKNESSES OF THE SAN FRANCISCO OLA

- Does not have the resources to counter the Mayor's Office of Budget and Policy;
- Does not match respect and strength of IBA office due to longevity of Harvey Rose relationship; and
- Smallest of San Francisco service offices.

G. STATE OF CALIFORNIA

The State of California was chosen because it offers a unique OLA structure that is fully integrated with its IBA. While recognizing it is not a municipal government, it fits other criteria DSG looked for - such as answering to a legislative branch - and offers a good model for structuring the San Diego OLA. San Diego should compare this as a cutting edge option for designing their council. Every state has an OLA and California's is widely recognized as a leader in the field. It is bipartisan, independent and extremely well respected by practitioners. The State of California, like San Diego, has a separate legislative and executive branch. The needs of San Diego's council to balance the power of the Mayor are not different from California's Legislature's need to balance the Governor. The structure is integrated, streamlined, professional, and powerful.

There are a total of 49 employees in the California OLA. The total cost of operations is \$5,934,000, which represents 2.7% of the Legislature's expenditures. The staff is divided by specific areas. When a request comes in from a specific legislator, or when a bill needs a summary, those requests are routed to the staff person based on the issue

⁴ Andrew Murray, San Francisco Senior Legislative Analyst

portfolio they are assigned. The issue areas are: Budget, Business and Labor, Capital Outlay, Criminal Justice, Economics/Forecasting/Taxes, Education, Health; Environment, Social Services, Transportation, State, Local, and Federal Government. In previous years, the OLA analyzed all fiscal legislation and had about 150 staff analysts. The passage of Proposition 130 severely limited the budget in 1990.

This change in duties related to staff size is an indication of the effect scope of work can have on the number of analysts needed. In order to analyze all legislation vs. specific requested reports about 3 times as many analysts were needed. We do not present these numbers to suggest that San Diego should spend \$5 million on their analysts, but spending about 3% of the budget on the IBA and OLA combined is a reasonable figure.

The staff analysts have backgrounds in Economics, Urban Studies, Political Science, Administration and Policy Analysis, International Relations, Public Policy Psychology, Engineering, Public Health, Business Administration, International Management, and History. All staff have college degrees, many with PhDs and Masters in their respective fields. The large size of California's OLA means that they can higher an extremely diverse staff with high levels of training.

The Legislative Analyst, clerical, and technical staff are appointed by Joint Legislative Budget Committee (a bi-partisan committee with 8 each Assemblymen and Senators). They are exempt from civil service. The entire OLA is overseen by the Joint Legislative Budget Committee. This structure is integral to the independent, nonpartisan nature of the OLA.

The two main goals of the OLA are to provide fiscal and policy advice to the Legislature and to ensure the executive branch is implementing policy in a cost efficient and effective manner.

The primary responsibilities of the California Legislative Analysts are:

1. Analyze annual Governor's budget; publish detailed review (Analysis of the Budget Bill) including individual department reviews and recommendations for legislative action;
2. Publish a report providing an overview of the state's fiscal picture; identify major policy issues confronting the legislature;
3. Reviews all requests from the administration to make changes to the budget after it is enacted;
4. Prepares special reports on state budget and topics of interest to the Legislature;
5. Prepares fiscal analysis and summaries of all proposed initiatives and measures that qualify for the statewide ballot; and
6. Annually reviews costs/impacts of state mandated local programs; may recommend modifying or eliminating the mandate.

STRENGTHS OF THE CALIFORNIA OLA

- Independent. California's OLA is accurately seen as completely non partisan;

- Professionalized. Staff represent diverse educational backgrounds and advanced training, The long tenure of the CLA provides an institutional memory for the Legislature; and
- Integrated. Policy and budget analyses are offered by a single office, making reports balanced and broad.

WEAKNESSES OF THE CALIFORNIA OLA

- Cost. At more than \$5 million California's model is not practicable for San Diego;
- Minimized Services. With a smaller budget and staff the OLA can not evaluate all legislation for fiscal impact; and has tended to focus on budget issues over policy issues in the recent past;
- Lack of Politics. Because the OLA is designed to be a neutral analytical body that both sides can trust, it tends to produce information and recommendations that are disembodied from politics; and
- State-wide view. The OLA offers analysis from the perspective of the entire state which may conflict with the perspectives of different regions and parties.

VI. CONCLUSION

There is no one portfolio city structure that will suit all of San Diego's needs in establishing the OLA office. In deciding the best structure for San Diego, DSG suggests that special attention be paid to the following:

- Budget implications;
- Comprehensive timeline to hire and prepare analyst/office; and
- A step by step approach to decisions.

Citizens Advisory Committee Strong Mayor Form of Governance

Date: April 11, 2005
Attention: Mayor, Council Members, and Members of the Public
Subject: Transition Planning and Implementation

We are happy to report that the appointments you made to the Citizens Advisory Committee have resulted in an excellent working group. What is most remarkable is that every one of us has the same goal – to ensure that by the turn of the new year there will be a cohesive, independent, and strong city council, ready to assume its legislative responsibilities under our new form of government.

This is our first report to you, the city council, and also to members of the public who have not yet been able to participate in our open meetings. Our report will address three issues that the committee agreed must be brought to your attention at this stage in the transition process.

The first issue can be summarized in one word: **Urgency**. One of the CAC's early projects was to categorize and attempt to prioritize the wide range of city council transition tasks necessitated by Prop F. We matched the list of required council actions against the 2005 legislative calendar and generated a timeline. It became instantly clear to all members of the CAC that the city council would *not* be ready to function in the way San Diego voters anticipated when they endorsed Prop F -- unless we shift gears immediately.

For example, there's a critical need for a credible and comprehensive transition timeline of tasks that must be completed in a short period of time by our eight council members. And an equally critical need for a series of deadlines to monitor progress and keep track of the "big picture."

The CAC has already forwarded the informal timeline projections we have developed to the Dewey Square Group, and we strongly recommend that you direct the consultant team to come back to you next week, at the April 18th council hearing, with an authoritative schedule and proposed deadlines. Since our evaluation indicates that the transition process is already behind schedule, there is no time for delay. We recommend an accelerated, multi-tasking approach rather than a linear process that tackles transition tasks one at a time.

Anticipating that the consultants' findings will concur with ours, we also recommend that you schedule additional times and opportunities for transition-related hearings. Contrary to popular wisdom, most transition tasks have to be scheduled many months in advance of the year's end to fulfill legal requirements for public discussion, decision-making, preparation of enabling ordinances, and their final adoption.

Given that there is always a full docket of regular city business at scheduled council meetings, we suggest that time be carved out by modifying the length of legislative recess throughout the next seven months, and also that you consider the value of setting aside a portion of council committee meetings for public workshops on transition items.

Our second issue focuses on the **Independent Budget Analyst**. When you begin your work as an eight-member city council, your legislative success will hinge on the adequacy, impartiality, and quality of the information you receive about city business.

The Dewey Square Group has provided an excellent set of recommendations for you to consider. One of their most astute observations is that independent *legislative* analysis is equally as essential as budget analysis for all council deliberations. In the new year, the council will have full responsibility for all land use decisions as well as the responsibility for making financial decisions. Uppermost in our minds is the fact that, come the new year, the city manager will no longer provide back-up reports, analyses, or recommendations to the city council – resources that the public as well as council members always depended upon.

The public and the council have the need and the right to unbiased, independent public reports to enable intelligent decision-making, which is why the CAC concurs with the consultants' strong message that it is critical for the city council to create an Office of Legislative Analysis at the same time you create an office of Independent Budget Analyst. The CAC feels that Dewey Square's proposal for an Office of Analysis, with separate branches for legislative and budget work, makes the most sense.

At this moment we cannot endorse the consultants' specific staffing estimates, since by comparison with similar cities they seem too nominal. There must be equitable distribution of staff resources to ensure a balanced government system. That means that we need baseline information about the staff and resources historically employed in San Diego by the city manager to handle the city's legislative responsibilities. We also need information about the impact on the budget of the mayor's staffing needs, as well as the projected impact of managerial backup to the executive branch. This information should be made public as soon as possible. The CAC urges you not to shortchange or underestimate the importance of this Office of Analysis.

In addition, CAC members, as well as members of the public who attended our meetings, stress the need for openness, transparency, and public participation through these new analysis offices. We expect that they will play a valuable role in bringing forward constructive reforms to the city's budgeting and legislative processes.

The final issue in today's CAC report takes a quick look at the **bigger picture**. We have already recommended the creation of an official timeline and set of deadlines to keep you on track and keep the process accountable to the public during this year of transition.

We also need to create a revised "City Organizational Structure" chart to be posted on the city's website to clearly lay out the structure of our new Strong Mayor government. This is important for the public and would be very helpful to all of us working to complete the transition. The CAC has already created a preliminary chart of the new government structure as a useful guide for our committee discussions.

Here is a short list of CAC concerns regarding the bigger picture:

* Since Prop F was mandated by the public without consideration of fiscal impacts, the CAC is especially aware of the dilemma posed by the city's budget crisis vis-a-vis allocation of new funding for the legislative branch. Duplication of services is an unavoidable consequence of Prop F. Only through equitable prioritizing and redistribution of resources can we minimize the impact of budgetary constraints.

* In addition to the aforementioned legislative and budget analyst staff, the new budget must also provide for additional staffing needs of the council's presiding officer, for committee restructuring, and for the overlooked necessity of hiring planning analysts to assist in council's exclusive role in land-use matters.

* When the discussion begins about council's new position of presiding officer, it must address the balance between fair treatment for all council districts with the need for strong leadership on behalf of the entire council;

* The CAC has strong concerns about the responsibility for constituent services to neighborhoods and communities. What we see on our organizational chart does not encourage us about adequate public accountability.

* The CAC would like to begin formal meetings with city council staff members so that we can cooperate and assist the council with any of the tasks we have described or with new ones, as they come up. We will need guidelines from the city attorney to ensure compliance with the Brown Act.

We will end this report with two blunt observations. First, the city council could become an independent body in name only if it delays taking control over organizing and dictating the implementation of required transition tasks. Second, the CAC is acutely aware that public access to elected council members will be valuable only if the council has enough power and clout to be able to respond to their constituents. Without a strong council we will have a marginalized public, and that is an unacceptable option for the people of San Diego.

Citizens Advisory Committee
Transition to Strong Mayor Form of Governance

Date: April 18, 2005
Attention: Mayor, Council Members, and Members of the Public
Subject: CAC Recommendations and Comments

The CAC is gratified to see the remarkable speedup by the city council over the past week in addressing several transition issues. Obviously, our committee takes its own message about urgency very seriously. We held our fifth meeting this past Friday and took part right afterwards in the public meeting organized by council staff. The discussion at both meetings was thoughtful and productive, although it became crystal clear that the devil will lie in the details of nearly every decision that must be made over the next several months.

Four major transition tasks have been docketed for today's hearing. Before diving into them, we have an important suggestion to make:

For the CAC the term "urgency" signifies the need for accelerated council action, but action that is based on well-analyzed information and proposals. The pressure on the Dewey Square Group is very great and they are doing a yeoman's job of responding, but members of the CAC are in the same predicament you are in when reports and consultant recommendations reach us at the very last minute, often too late to be of practical use.

To ease this problem, we would recommend that the Dewey Square Group coordinate more closely with the council offices and transmit their reports directly to the city council, along with a cc to the CAC. The council is Dewey Square's client, so this would be an appropriate request.

Now for today's docketed items: there is consensus that the position of **council presiding officer** requires a comprehensive public discussion to specify the responsibilities, method of selection, and tenure of the position, as well as budget implications of anticipated staffing needs for this new office. Selection of next year's presiding officer would best take place late in the transition process, after the conditions and terms of the position have been codified and after adoption of new permanent rules of council. This timing would avoid conflict between the transition efforts of the full council and political prerogatives of the future presiding officer.

There is also general agreement that we need a system to organize and shepherd the transition process throughout the year. Council has stated its intention to take on this responsibility collectively. Therefore, enabling measures should be created to establish a council transition working group, headed by a chairperson. Our understanding of present charter provisions tells us that the chairperson of a council transition committee could coordinate transition activities but not act as a spokesperson for other council activities. In this context, we also wish to clarify that members of the CAC do not support the concept of an interim presiding officer, as suggested in a recent council memorandum.

Moving on to the **office of legislative analyst**: at last week's council meeting we emphasized that the legislative success of our new city council will depend on the adequacy, impartiality, and quality of the information you receive about financial, land use, and all other city business. We strongly concur with Dewey Square's recommendation for an independent office of analysis, with separate (but interactive) budget and legislative branches. This would provide the city council as well as the public with an integrated, independent means of obtaining unbiased information, analyses, reports, and recommendations for intelligent decision-making.

The CAC also recommends that analysts report to the full council and take requests for work through a coordinating or senior analyst. This will help maintain the independence and impartiality of the office of analysis.

We feel that the consultants have underestimated the expected workload and consequently the staffing needs of this new office. It has come to our attention that the number of management staff who now work directly on budget matters totals approximately 24 and that at least half that number will be needed by the city council, which means 10-12 positions. In addition, 5-8 legislative analysts will be necessary to provide reports to the city council and to staff council committees. Since an equitable distribution of staff resources is mandatory if we are to ensure that all interests have equal standing in our new governmental system, we expect that these staffing needs will be met through a fair redistribution process.

As for **constituent services**: in a sense, the responsibility for constituent services has much in common with the responsibility for city planning. Both departments are subject to the legislative powers of the city council. In both cases, council members are held accountable by their constituents for the success or failure of these departments. And both are implemented through the administrative arm of government.

In the course of our discussions we heard several recommendations for returning the planning department to the jurisdiction of the city council, with the implementation arm of development services remaining under management. The CAC has not taken a position on this question, which will undoubtedly be discussed by the post-transition city council.

Similarly, the CAC takes no strong stand on constituent services. While the consultants offer general proposals for constituent services, we were most impressed by recommendations from council staff members, who expressed general satisfaction with the current system of coordinating constituent services between the city manager and council offices. We share their expectation that this system will continue to work satisfactorily under the new form of government, with council offices maintaining access to management staff, via the mayor.

We also learned that the city is in the early stages of developing for San Diego an improvement to constituent services in the form of a "311 system," a centralized process used successfully in many large and small cities. Since the 311 system appears to be a great improvement for the public and the city, we recommend maintaining our present system in anticipation of the timely development of a 311 system.

Finally, regarding the issue of **council committees**: the pressing need at this moment is to determine the anticipated budget requirements of next year's committee structure.

Given practical issues like the number of council members and the time available for committee meetings, the number of standing committees will necessarily be limited to a maximum of five. To satisfy budget-related time constraints, staffing estimates can be set now, in advance of a thorough review of a new committee system.

Full and informed discussions about council committees should be rescheduled for a future date as determined by a yet-to-be-created *complete* transition timeline – still a glaring and damaging deficiency in the transition process. A practical and obvious approach would be for current council committees to schedule workshops during their public meetings to discuss the identity, scope, and staffing of new and existing committees. Recommendations could then be brought to full council for action.

Obviously, certain decisions you must make about the committee structure are intertwined with decisions you will make about the scope and power of the presiding officer. Decisions about selecting committee chairs and members, as well as the number of members in a standing committee, will effectively determine the balance of power between the presiding officer and the remaining group of council members. These kinds of decisions will introduce us to a new set of political dynamics inherent in our fledgling mayor-council system. As we said earlier, the devil will lie in the details.

We will conclude today's report with three recommendations. First, although we keep pressing you to speed up, we also suggest you go slowly when making policy changes to systems that currently work sufficiently well. Come next year, the more familiar you are with council procedures and formats, the easier it will be to adjust to the major restructuring and dynamics that await you.

Second, it's an unavoidable fact that you will be making many policy and legislative changes under less than ideal circumstances. Some of your decisions will inevitably produce unintended consequences. Therefore, it is not too soon to begin thinking about establishing a monitoring system to kick in at the start of the new council era. Once the dust settles, the public will want a way of evaluating the system's effectiveness and a process to develop improvements. Right now, the CAC's highest priority is a smooth transition. Once that is accomplished, the city's highest priority must be public accountability.

And third, we cannot emphasize strongly enough our repeated concern about the lack of an expertly-drafted *complete* transition timeline, with associated deadlines. There are no ifs, ands, or buts: without a reliable timeline and deadlines, the chances for a successful transition process are next to zero.